

McPHERSON COUNTY, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
December 31, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of
McPHERSON COUNTY, KANSAS
FOR THE YEAR ENDED DECEMBER 31, 2017

Keith Becker, Commissioner
Linus Linaweaver, Commissioner
Ron Loomis, Commissioner

PREPARED BY FINANCIAL MANAGER'S DEPARTMENT
Richard D. Witte, Administrator/Financial Manager

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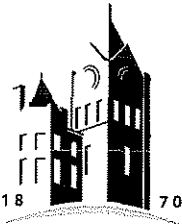
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INTRODUCTORY SECTION



MCPHERSON COUNTY, KS

July 27, 2018

To the Board of County Commissioners and Citizens of McPherson County, Kansas:

The Comprehensive Annual Financial Report of McPherson County, Kansas (County) for the fiscal year ended December 31, 2017, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

State statutes require an annual audit by independent Certified Public Accountants. The Board of County Commission selected the accounting firm of George, Bowerman & Noel, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of McPherson County for the fiscal year ended December 31, 2017, are free of material misstatement. The independent auditor's report is presented as the first component of the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

McPherson County is located in the central part of the state with a land area of 900 square miles and a population of 28,708. The governing body is the Board of County Commissioners (BOCC), elected by district to four-year terms. Other elected officials include the County Attorney, Clerk, Register of Deeds, Sheriff and Treasurer, all elected to four-year terms.

The government provides a full range of services consisting of public safety; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events; health services; educational activities; economic development services; and noxious weed and soil conservation control activities. The financial reporting entity (the government) includes all funds of the primary government (i.e., McPherson County, Kansas as legally defined), as well as all of its component units. The County is financially accountable for the McPherson County Extension Council, which is reported as a discretely presented component unit. Discretely presented component units are reported in a separate column in the financial

statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Commissioners. Activities of the General Fund, certain Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the department expenditure level. Department heads are authorized to transfer funds between line items within the limits established by the County Board of Commissioners. Management monitors expenditures by function, activity, and object levels within the various funds of the County. The County also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Financial policies. The Public Works maintenance on 300 miles of hard surface roads, 60 miles of gravel roads and over 1100 bridge structures will continue to present funding challenges to the County. This requires an ongoing review of the entire surfacing program to determine methods to maintain the road surface and extend the useful life of each application. The County has made a commitment to maintain quality roads and bridges, without issuing debt, so as to prevent major repairs that will cost substantially more in future years.

Public safety costs for the County Attorney, Unified Courts, Sheriff, Jail and Emergency E911 Departments continue to increase to meet state and federal safety and compliance standards. The County contracted for services to review and evaluate the County-wide E911 system to determine changes to meet the NexGen E911 requirements. In March 2018 the County selected the contractor and E911 system to meet the NexGen requirements and proceeded with discussions on financing the project. In 2017, the State required Counties to make annual payments to maintain the State-wide communications system. This cost the County \$90,000 which is 45% of the annual telephone tax revenues that will not be available for other communications expenses. At this time, the County is reviewing other options to purchase a stand-alone system and still provide connectivity to the State system.

Local economy. McPherson County continues to progress as one of the most industrialized small communities in the State with no fewer than fifty industries of which 22 industries have over 50 employees. Facility and employment expansions in the County during 2017 included: Pfizer, a pharmaceutical products manufacturer continued to increase employment and expand their production facilities; Producers, LLC (a CHS and Mid-Kansas Coop partnership) added

additional storage to their agricultural rail shipping facility to more efficiently transport agricultural products to final destination shipping locations; and VIEGA, polyethylene (PEX) fittings manufacturer, is building an additional production facility that will employ an additional 150 employees within five years.

The County has an average civilian labor workforce of approximately 16,369, compared to 16,739 for 2016, according to the Kansas Department of Human Resources, Labor Market Information Services. The decrease in the labor force can be attributed to the reduction in construction jobs for new and expanded facilities at three large industries. Approximately 2,200 of McPherson County's roughly 4,584 manufacturing jobs are supported by exporting and 23.4% of McPherson County's entire economy is tied to exports. With reductions in staffing at the Kansas Department of Labor, the County cannot compare employment numbers from year-to-year for related manufacturing jobs as compared to other counties within the state.

The County's 2017 average unemployment rate was 2.9 percent as compared to the statewide average rate of 3.7 percent and the national average of 4.9 percent. Based on the current employment projections of local businesses and industries, the unemployment rate should continue to remain well below the state and national unemployment rates. The County sales tax revenues increased 4.5% in 2017 compared to 2016 due to strength of local economy and new construction.

In 2017, the new interstate interchange located one mile north of McPherson City was completed. This interchange provides a more efficient and safe truck route for industry located in the northern area of McPherson City. This project was supported and funded by the State of Kansas Department of Transportation, McPherson County and McPherson City.

Long-term financial planning.

The County owned facility, across from the Courthouse, has several County offices located on the upper floors; however, the main floor remains unoccupied. The building was purchased with the intent of moving county administrative offices to the building and moving all court related activities to the courthouse. The Board of County Commissioners continues to review options to utilize the space.

In 2018, the County will proceed with the County-wide enhancements for a new E911 system. The County is currently reviewing options to finance the project, which include debt issuance and/or lease purchase agreements with local financial institutions. The estimated cost is approximately \$7,400,000.

Internal Control. Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of McPherson County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance

recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

General Fund Balance – Unassigned. The unassigned fund balance reported in the General Fund was \$1,699,534 and provides the County with a balance that is the equivalent of 74 calendar days based on 2017 expenditures as compared to 28 days balance for 2016.

Debt Administration. At December 31, 2017, the County had outstanding general obligation refunding and improvement bonds totaling \$4,365,000. Debt service payments for this issue are paid by the McPherson Area Solid Waste Utility from their fees and special assessments. The County received an Aa3 rating on this issuance by Moody's Financial Services. As per K.S.A. 19-2659, debt issued by a County for solid waste improvements and equipment is not subject to the County's legal debt margin for 2017 of \$14,185,322. The net bonded debt per capita for the general obligation issue is \$162.22, a decrease of \$25.90 per capita from December 31, 2016.

AWARDS AND ACKNOWLEDGEMENTS

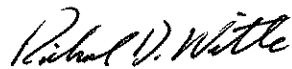
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McPherson County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. This was the twenty-ninth consecutive year (since fiscal year ended 1988) that McPherson County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the staff of the Administrator/Financial Manager's office and other county departments for the historical and current information for the statistical section of the CAFR. Each member of these departments has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of McPherson County, preparation of this report would not have been achieved.

Sincerely,



Richard D. Witte
County Administrator/Financial Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**McPherson County
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrell

Executive Director/CEO

MCPHERSON COUNTY

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2017

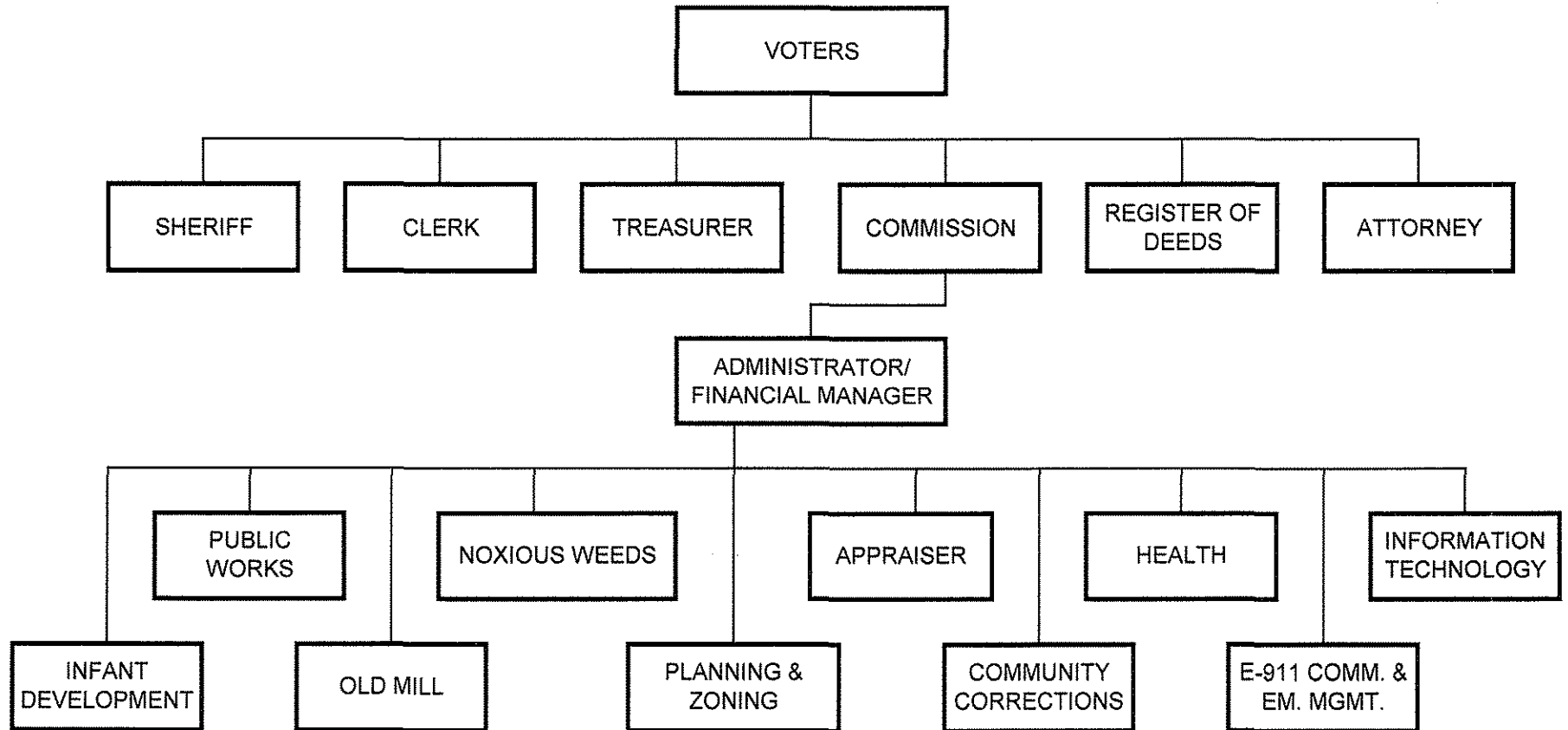
<u>Title</u>	<u>Name</u>
County Commissioner	Linus Linaweaver
County Commissioner	Keith Becker
County Commissioner	Ron Loomis
County Attorney	Gregory Benefiel
County Clerk	Hollie Melroy
County Register of Deeds	Laurie Wiziarde
County Sheriff	Jerry Montagne
County Treasurer	Teresa Nelson
County Administrator/Financial Manager	Richard Witte
County Appraiser	Ryan Janzen
Community Corrections Director	Janet Cagle
Health Administrator	Fern Hess
E-911/ Em. Mgmt. Director	Julie McClure
Information Technology Coordinator	Jeff Butler
Noxious Weed Director	Daniel D. Schrag
Old Mill Museum and Parks Director	Lorna M. Nelson
Public Works Director	Tom Kramer
Planning and Zoning Director	John Verssue

McPHERSON COUNTY

Organization Chart

McPherson County, Kansas

December 31, 2017



FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

Paul R. Bowerman
Gary L. George

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
McPherson County, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McPherson County, Kansas (County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McPherson County, Kansas, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Public Works Fund, Employee Benefits Fund and Special Landfill Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

George, Bowlerman & Noel, P.A.

Wichita, Kansas
August 24, 2018

McPherson County, Kansas

Management's Discussion and Analysis

This discussion and analysis of McPherson County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2017. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of McPherson County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$53,670,884 (net position). This is an increase of \$1,230,100 compared to the 2016 net position. The majority of the net position is the net investment in capital assets of \$44,257,429. Of this amount, \$4,853,071 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Governmental fund balances increased \$1,967,893 or 16.6% to \$13,801,907 in 2017.
- In 2017 sales and compensating use tax increased \$231,394 or 9.8% to \$2,384,063 compared to 2016 taxes of \$2,170,669.
- Roads and bridges infrastructure improvements of \$1,733,595 accounted for 62% of \$2,777,357 in new capital assets.
- The General Fund unassigned fund balance increased \$1,036,082 to \$1,699,534 at year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the County's assets and liabilities, with the difference reported as net position for a given point in time (December 31, 2017). Over time, increases or decreases in net position can be monitored to determine whether the County's financial position is improving or deteriorating.

The statement of activities presents information showing how the net position has changed during the fiscal year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for

some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off leave).

The government-wide financial statements include not only the County, but also the McPherson County Extension Council, a discretely presented component unit, which is a legally separate entity that the Board of County Commissioners levy property taxes for and also approves their annual operating budget.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

McPherson County maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Public Works Fund, Employee Benefits Fund, Special Landfill Fund and Highway Improvement Reserve Fund, all of which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget as a management control device for its general, certain special revenue funds and the debt service fund. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds — The County maintains one proprietary fund, which is the internal service fund (Employee Benefit Plan Fund) used to account for the County's self-insured health insurance plan. In the government-wide statements, the information for the internal service fund is presented as part of the governmental activities information.

Fiduciary funds — Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the County is prohibited from using fiduciary assets to finance its operations. The fiduciary funds are combined into one column on the fiduciary funds statement since the County only reports agency funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds, fiduciary funds and actual and budget comparisons for individual funds which require legal budgets. This information is presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,670,884 as of December 31, 2017 as compared to \$52,440,784 in 2016.

Of the County's total assets of \$78,608,867 the largest components are: 1) Cash and investments of \$14,236,029 or 18%; 2) receivables, which largely represent unearned tax revenue for FY 2017, of \$15,356,437 or 20% of which \$12,738,153 is 2017 property taxes paid in 2018; and 3) capital assets net of accumulated depreciation of \$48,680,450 or 62%. Capital assets are used to provide services to citizens; consequently, these capital assets are not available for future spending. The largest component of the \$13,097,187 in total liabilities is long-term liabilities of \$11,045,918 or 84% and the majority is for KPERS pension liability of \$6,222,377 and outstanding GO Bonds of \$4,365,000.

The County's net position increased 2.3% or \$1,230,100 the current fiscal year. The County's net position for fiscal year ended December 31, 2017 (with comparative amounts for December 31, 2016) are summarized as follows:

McPherson County's Net Position

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 29,928,417	\$ 27,348,937
Capital assets (net of depreciation)	<u>48,680,450</u>	<u>50,229,594</u>
Total assets	<u>78,608,867</u>	<u>77,578,531</u>
Deferred outflows of cost on bond refunding	242,848	267,507
Deferred outflows of resources related to pensions	<u>1,000,843</u>	<u>1,321,547</u>
Total Deferred outflows of resources	<u>1,243,691</u>	<u>1,589,054</u>
Current and other liabilities	646,007	618,001
Long-term liabilities	<u>12,451,180</u>	<u>13,678,682</u>
Total Liabilities	<u>13,097,187</u>	<u>14,296,683</u>

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Deferred inflows of resources:		
Property taxes receivable	\$ 12,738,153	\$ 12,236,258
Related to pensions	<u>346,334</u>	<u>193,860</u>
Total deferred inflows of resources	<u>13,084,487</u>	<u>12,430,118</u>
Net position:		
Invested in capital assets, net	44,257,429	44,802,101
Restricted	4,560,384	4,385,946
Unrestricted	<u>4,853,071</u>	<u>3,252,737</u>
Total net position	<u>\$ 53,670,884</u>	<u>\$ 52,440,784</u>

A large portion (\$44,257,429 or 82 percent) of the County's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. \$4,560,384 or 8% of the County's restricted net position represents employee benefits and health programs, including landfill assessments. The capital project funds are subject to Board of County Commission approval on how they may be used. Approximately 9% or \$4,853,071 of the County's net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental activities increased the County's net position by \$1,230,100. The key elements of this charge are as follows:

Total Governmental activities revenues increased \$965,108 or approximately 4% and expenses decreased \$341,697 or 1.4%, which increased the County's net position by \$1,306,805. The key elements of this change are as follows:

Charges for services decreased \$229,895 or 6%. The largest decreases were due to \$160,017 less in surplus property sales and all health department programs of \$35,699; and \$24,809 less in total charges in the register of deeds; \$11,175 less in court fees and revenues for building and zoning permits decreased \$7,063.

Operating grants and contributions increased \$202,172 or 5% with the largest increase was the additional \$103,288 in contribution to the Old Mill Museum; \$25,797 in motor fuels tax and \$18,768 in grants for the infant toddler program. Major decreases in operating grants and contributions were \$35,701 for all programs in the health department.

Capital grants and contributions increased \$76,163 compared to 2016. The major increase was in the revenues from the State highway and Federal exchange program for road and bridge improvements.

Property taxes increased \$594,089 or 5% with allocations to all departments to fund operating expense increases with the majority of the tax increase to fund several public works

construction projects and anticipated increases in health insurance premiums. Sales taxes increased \$213,394 primarily due to a stronger local economy and local construction. Interest earnings increased \$108,526 because of higher interest rates as compared to 2016.

Total government activity expenses decreased \$341,697 in 2017, or approximately 1.4% compared to 2016. General government decreased \$342,377 with \$89,000 of the decrease due to less consulting services in 2017 as compared to 2016; \$88,049 less expenses for the county office building for maintenance; reduced data processing operating costs of \$20,090; \$20,004 less election expenses; a decrease in coroner fees of \$13,388. Public safety increased \$172,961 or 2.4% for general increases in all activities of public safety with the largest increases accounted for in personnel costs. The highways and streets expenses increased \$189,072 or 2.5% for all operations in the public works department. The majority of the \$29,713 decrease in culture and recreation was a reduction in payments to the cities from the Special Park and Recreation Fund. The Governing Body made a one-time special payment to the cities in 2016 to assist in park improvements. The majority of the \$91,509 decrease in expenses in environmental protection was due to special landfill payments to the McPherson Area Solid Waste Utility. The interest expense on long-term debt decreased \$38,136.

Key elements of the current year's increase in net assets and changes relative to the prior year are as follows:

McPherson County's Changes in Net Position
Year Ended December 31, 2017

(With Comparative Amounts for the Year-Ended December 31, 2016)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,806,569	\$ 4,036,464
Operating grants and contributions	4,338,671	4,136,499
Capital grants and contributions	329,112	252,949
General revenues:		
Property taxes levied for:		
General purposes	13,670,573	13,076,484
Sales taxes	2,384,063	2,170,669
Grants and entitlements not restricted to	26,360	25,701
Specific programs		
Investment earnings	<u>133,109</u>	<u>24,583</u>
Total revenues	<u>24,688,457</u>	<u>23,723,349</u>
Expenses:		
General government	3,446,044	3,788,421
Public safety	7,532,787	7,359,826
Highways and streets	7,833,864	7,644,792
Health and sanitation	2,159,417	2,361,412

	Governmental Activities	
	2017	2016
Culture and recreation	\$ 383,016	\$ 412,729
Environmental protection	1,982,041	2,073,550
Interest on long-term debt	<u>121,188</u>	<u>159,324</u>
Total expenses	<u>23,458,357</u>	<u>23,800,054</u>
Change in net position	1,230,100	(76,705)
Net position beginning of year	<u>52,440,784</u>	<u>52,517,489</u>
Net position end of year	<u>\$ 53,670,884</u>	<u>\$ 52,440,784</u>

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The general government functions are reported in the General, Special Revenue, Capital Project and Debt Service Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's annual financing and budgeting requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$13,801,907, an increase of \$1,967,893 or 16.6% in comparison with the prior year. The unassigned balance of \$1,699,534 or 12% is available for spending at the County's discretion. The remainder of fund balance is not available for new spending because it has already been restricted, committed, assigned or is inventory for public works aggregates.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, 57% or \$1,699,534 of the General fund balance was unassigned with the balance of \$1,049,749 committed for self-insurance claims and \$236,844 assigned for funding the 2018 budget. As a measure of the General Fund's liquidity, we compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20% of total fund expenditures for 2017, while total fund balance represents 36% of total fund expenditures for 2017. At year-end, the Board of County Commissioners approved a transfer of \$675,000 to capital improvement and equipment reserve funds for major expenditures planned in the next several years thus reducing the unassigned balance.

The General Fund balance increased 3% or \$78,560 during the 2017 fiscal year to \$2,986,127. The largest revenue increases were \$146,048 for taxes and \$103,606 for use of money and property with the major increase from interest on investments.

The Public Works Fund balance increased \$622,445 in 2017 for an ending fund balance of \$1,549,711, of which \$217,102 is committed; \$335,951 is in inventory and \$996,658 is assigned to fund the 2018 budget. The fund balance increase was the result of \$434,455 in additional taxes and a \$600,000 transfer to the capital improvement and equipment reserve funds and the purchase of new road maintenance equipment. The Board of County Commissioners authorized the transfer for major repairs to the asphalt plant and several major bridge replacements scheduled to begin in 2018.

The Employee Benefits Fund balance increased \$300,196 to \$1,144,360. The balance represents 45% of the \$2,520,160 in expenditures for 2017. Taxes are the primary source of revenue for the fund and the largest budgeted expenditure of 49% is for health insurance premiums that were 21% or \$321,330 less than budgeted. The total of all other employee benefits were \$251,138 less than budgeted. With the exception of health insurance, all the benefits paid are a percentage of wages and as employees retire and new employees are hired there will be minor changes in those expenditures.

The Special Landfill Fund balance decreased \$974 for a zero ending balance. Special assessments fund the Landfill Fund and depending on the actual charges to residences, businesses and industries, the ending account balance can fluctuate at year-end. In 2017, total expenditures for the fund were \$1,669,000.

The fund balance for the Highway Improvement Reserve is \$2,284,970 that is committed for highway improvements. This fund is funded by transfers from the Public Works to allow the County to reserve dollars for major improvements scheduled in the future. This allows the County to pay as you go for major road projects instead of issuing debt to finance the improvements. Major projects for public works can be expensed from this fund as well as projects in which the County participates with state or local entities for major road and bridge improvements. The County has a bridge replacement plan; however, with over 1100 bridges in the County, structures fail and need replaced prior to their scheduled replacement.

Proprietary Fund. The County's only internal service fund, the Employee Benefit Plan Fund, had an ending net position balance of \$1,126,490. This was a \$85,981 increase from the previous year net position balance of \$1,040,509. The ending net position balance represents 65% of the annual expenditures of \$1,722,573 for 2017. Claims and administrative expenses decreased 11% when compared to 2016 expenditures. The fund balance can be used to fund future premium increases or other health related expenses authorized by the governing body. The County had a 1.5% premium increase in 2018 and the County was able to maintain its "grandfather" status under the current Federal Affordable Care Act.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the Basic Financial Statements for the General Fund and all major special revenue funds. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules section for all nonmajor funds with annually appropriated budgets. The budget and actual comparison schedules show the original adopted budgets, the final amended budget, actual

results, and variance between the final budget and actual results. The County budget was amended in 2017 for the Court Trustee and Clerk Technology Funds.

The FY 2017 budget was adopted on August 8, 2016 with total General Fund expenditures of \$9,514,874; an increase of \$213,862 or 2% in expenditures from the FY 2016 budget. Actual 2017 revenues were 7.6% or \$636,311 more than budgeted. The major differences between budget and actual revenues are as follows:

- Taxes were \$129,747 more than budgeted. Major differences include \$37,537 more in local sales taxes due to stronger economy and new construction. Intangible taxes were \$61,562 higher than the \$70,000 budgeted and the total of all delinquent taxes were \$13,576 more than budgeted. Motor vehicle, recreational and excise tax revenues were \$14,067 more than budgeted.
- Intergovernmental revenues were \$20,034 less than budgeted. The Infant Toddler program grants and Medicaid payments were \$44,093 more than budgeted. McPherson City reimburses the County 46% of the costs of operating the E911 center and revenues were \$48,245 less than budgeted.
- Charges for services revenues were \$10,712 more than budgeted, with the largest amount of \$8,216 in the Sheriff's department for prisoner care, civil processing and finger printing charges. Bank service charges were \$4,401 more than budgeted.
- Licenses, fees and permits revenues were \$137,842 or 28% more than budgeted. Penalties and fees for delinquent payments were \$22,882 or 29% more than budgeted. Mortgage recording fees were \$11,069 more than budgeted. Building and zoning fees were \$10,830 more than budgeted. Diversion fees exceeded budget estimates by \$20,923 and district court related fees were \$2,369 more than budgeted. Old Mill Museum had \$7,138 in additional fees for special education programs presented at the Mill. The balance was a combination of all the other revenue sources.
- Use of money and property was \$126,914 more than the \$60,250 budgeted. Interest earned on investment exceeded the budgeted amount by \$112,367, a result of higher interest rates and more idle funds to invest. Revenues from all rental property was \$4,856 more than budgeted.
- Other revenues were \$158,161 more than the budgeted \$25,100. The County received a \$100,000 donation to use for operations and improvements at the Old Mill Museum and an additional \$2,999 in donations that were not budgeted. Additional revenues not budgeted include \$11,400 reimbursement for administrative expenses for the Community Developmental Disability Organization; \$8,987 from revenues for individuals to access court records and \$5,095 from the sale of surplus property.
- There were Transfers in totaling \$98,969, which was \$92,969 more than budgeted. Of this amount, \$78,000 was transferred from the Register of Deeds Technology Fund, as allowed by Statutes, for the purchase of computer software to track real estate ownership and taxes. The remaining \$20,969 was the 2016 year-end balance transfer in the motor vehicle licensing as required by State Statutes.

Actual expenditures in the General Fund were 5.1% or \$486,091 less than the budgeted expenditures of \$9,514,874. The major differences between budget and actual expenditures are as follows:

- Planning and Zoning expenditures were \$10,268 less than budgeted due to less contracted services.
- Data Processing budgeted expenditures were \$36,042 less than budgeted with the majority of the funds will be for consulting for fiber connection to county buildings; the county will lease space versus own the fiber line.
- Courthouse general, maintenance and the county owned office building combined expenses were \$207,829 less. Capital improvements were postponed until 2018 and 2019 with the major expense in 2019 for a new elevator in the bank building.
- The Register of Deeds office had \$15,074 less in expenditures with the majority in personnel services due to staff changes and lower salaries.
- Election department had \$29,163 less in expenditures with \$27,486 attributed postage, ballot printing and election supplies for special elections that were not required.
- Sheriff and Jail expenses exceeded budget by \$43,219 due to: the increased costs for the purchase and maintenance of equipment at the Law Enforcement Center; an additional \$21,093 in inmate food costs and \$9,467 in jail supplies both due to the increase in daily inmates housed in the jail.
- Emergency management and communications departments had a combined \$56,480 less in expenditures than originally budgeted due to lower than anticipated personnel and contracted services.
- Infant Development program expenditures were \$37,143 less than budgeted due to having one less staff person and less contracted personnel. The department has had difficulty in hiring and contracting for professionals in the early childhood program.
- The County anticipated paying \$105,000 for a matching 5% of total airport improvements in 2017; however, the project was not started until 2018; so, the budgeted amount was not spent in 2017; however, the funds will be paid out in 2018.
- The County Treasurer budget exceeded the budget by \$6,682 due to additional staffing needs in the department.
- Appraiser's department exceeded the budget amount by \$11,092 due to contracting with a commercial appraiser to train assist county staff with commercial appraisals.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The County had an additional \$2,777,357 investment in capital assets for its governmental activities for 2017, with the majority of investment of \$1,733,595 for infrastructure and \$714,514 for machinery and equipment. The County's investment in capital assets for its governmental activities for 2017 decreased \$1,549,144 (net of depreciation) for a total investment in capital assets as of December 31, 2017 of \$48,680,450 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- Seven bridge replacements for \$371,847; 12 miles of road reconstruction and asphalt overlay for \$1,515,092.
- Four new Sheriff's vehicles and equipment for \$116,177 and a new Jail Tracker Software at a cost of \$24,500.
- Pagers for county emergency service providers at a cost of \$239,400.
- New election equipment and software at a cost of \$77,657.

- Public works vehicles and construction equipment for a total cost of \$126,984 and buildings at a cost of \$68,584.
- New office equipment, data processing equipment and software in the amount of \$53,689.

McPherson County's Capital Assets
(net of depreciation)
December 31, 2017
(With Comparative Amounts at December 31, 2016)

	<u>Government Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 1,795,764	\$ 1,795,764
Intangibles	614,107	614,107
Construction work in Progress	235,399	0
Buildings	2,954,128	3,110,985
Improvements other than buildings	1,652,497	1,759,497
Infrastructure	38,790,602	41,332,701
Machinery and equipment	<u>2,637,953</u>	<u>1,616,540</u>
Total	<u>\$ 48,680,450</u>	<u>\$ 50,229,594</u>

Additional information on the County's capital asset activity can be found at Note 3 to the financial statements.

Long-term debt. At December 31, 2017, the County had \$4,365,000 in outstanding general obligation bonds. The outstanding debt issued by McPherson County is for the McPherson Area Solid Waste Utility (MASWU) including the construction of a Sub-Title D landfill for the County and has a current maturity in 2033. The County received an Aa3 rating from Moody's Investors Service on the 2016 MASWU refunding issue. Under current State statutes (K.S.A. 19-2659), the County's general obligation bonded debt for the MASWU is not subject to the County's legal debt limitation. The County's legal debt limitation is three percent of total assessed value of real and personal property and was \$14,185,322 at December 31, 2017. As of December 31, 2017, the County had net general obligation bonded debt of \$4,656,958 (\$4,365,000 plus bond premium of \$300,869 less \$8,911 available in the Debt Service Fund). Additional information on the County's long-term debt activity can be found at Note 4 to the financial statements and additional information on the MASWU can be found in Notes 8, 10 and 12.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Industrial revenue bonds and economic tax incentives granted to industries in previous years continue to expire, over the next three to nine years, following the maximum ten-year exemption. Exempt property continues to be placed on the tax rolls as their 10-year tax exemptions expire adding to the County's property tax base. The economy for the area continues to improve due to manufacturing expansions and new facilities, which results in

additional employment. Housing continues to be an issue for those industries wanting to expand their employment numbers as well as for those workers seeking employment in the County; however, in 2017 there were several multi-housing developments completed. The majority of the new multi-family housing developments were located in Rural Housing Incentive Districts to take advantage of tax incentives. The RHID program returns ad valorem taxes paid by the developer to pay for the housing projects infrastructure costs.

Through the budget, the Board of County Commissioners (Board) set the direction of the County, allocates its resources and establishes its priorities. The County budget process begins in April when department budgets are prepared and presented in May and June with adoption of the budget in August. In considering the County budget for FY 2018, the Board and management considered the following factors:

- The local economy is growing with industry expansions and increased employment in several sectors with unemployment below the state and national average; housing values continue to increase with an average 4% increase from 2016 to 2017.
- Sales tax revenues were starting to increase at the end of 2017 due to good economic activity in the County.
- Continue to evaluate revenue sources that the County can control, i.e. fees for services, permits and licenses. Mortgage registration and recording fees will be calculated using a different method for 2018 and it will take several years to determine the long-term impact to the County from this revenue source.
- Public works aggregates and asphalt oil prices have stabilized after years of higher than CPI increases. However, the County is addressing the need for more funds for the replacement of existing bridges with low tonnage ratings.
- There continues to be increased requests from law enforcement, courts and E911 departments for public safety related enhancements.
- The unrestricted fund balances allowed the Board to fund programs based on projected revenues and if revenues should fall short of estimates reserve funds could be used to fund capital projects budgeted in individual department budgets. The reserve accounts should only be used for planned major improvements or unforeseen emergency needs.
- County departments, programs and service agencies were funded at a level equal to or greater than 2015 actual expenditures. There were no new programs funded in the 2018 budget.
- The Board funded an anticipated 2.5% COLA for all employees in December 2017. The County has a Grade/Step salary scale; therefore, approximately 50% of the employees will receive salary adjustments per the Grade/Step Plan in addition to the COLA.
- The Board of Commissioners contracted with a consulting firm to review and request recommendations for improvements to the County E911 system. All emergency service response agencies were also encouraged to participate with preliminary results scheduled in the middle of 2018.
- The County continues to plan and finance capital equipment and infrastructure improvements on a “pay-as-you-go” basis and only uses debt financing for major projects with long-term benefits to the residents of the County. The County will have major enhancements to the E911 system in 2018 and 2019 therefore additional dollars were levied to provide some funds to purchase radios, pagers, hardware and software

for the system. However, the County will have to issue debt or consider a lease purchase for a portion of the project.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County Administrator, P.O. Box 646, McPherson, KS 67460.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL
STATEMENTS

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government Governmental Activities	Component Unit
<u>ASSETS</u>		
Cash and investments	\$ 14,236,029	\$ 186,522
Receivables:		
Property taxes	12,738,153	—
Special assessment taxes	1,667,735	—
Sales taxes	376,367	—
Trade accounts, net	36,590	—
Accrued interest	5,795	—
Due from other governmental units	531,797	—
Inventories, at cost	335,951	—
Capital assets:		
Land	1,795,764	—
Buildings	7,651,534	—
Improvements other than buildings	4,700,839	—
Infrastructure	85,727,541	—
Machinery and equipment	12,996,375	129,734
Intangibles	614,107	—
Construction work in progress	235,399	—
Less accumulated depreciation	(65,041,109)	(98,593)
Total assets	<u>78,608,867</u>	<u>217,663</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows related to costs on bond refunding	242,848	—
Deferred outflows of resources related to pensions	<u>1,000,843</u>	<u>5,971</u>
Total deferred outflows of resources	<u>1,243,691</u>	<u>5,971</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>		
Liabilities:		
Accounts payable	289,506	18,554
Accrued payroll payable	304,626	—
Accrued interest payable	51,875	—
Noncurrent liabilities:		
Due within one year	1,405,262	12,517
Due in more than one year	<u>11,045,918</u>	<u>56,845</u>
Total liabilities	<u>13,097,187</u>	<u>87,916</u>
Deferred inflows of resources:		
Deferred inflows of resources related to property taxes receivable	12,738,153	—
Deferred inflows of resources related to pensions	<u>346,334</u>	<u>5,557</u>
Total deferred inflows of resources	<u>13,084,487</u>	<u>5,557</u>
<u>NET POSITION</u>		
Investment in capital assets, net	44,257,429	31,141
Restricted for:		
General government	139,645	—
Public works operations	335,951	—
Employee benefits	1,144,360	—
Technology improvements	129,022	—
Public safety – equipment	597,088	—
Health programs	2,123,347	—
Environmental protection – landfill	48,529	—
Culture and recreation	33,531	—
Debt service	8,911	—
Unrestricted	<u>4,853,071</u>	<u>99,020</u>
Total net position	<u>\$ 53,670,884</u>	<u>\$ 130,161</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
Governmental Activities:						
General government	\$ 3,446,044	\$ 1,020,422	\$ —	\$ 5,195	\$ (2,420,427)	\$ —
Public safety	7,532,787	570,941	1,592,540	—	(5,369,306)	—
Highways and streets	7,833,864	182,860	959,705	323,917	(6,367,382)	—
Health and sanitation	2,159,417	257,611	809,520	—	(1,092,286)	—
Culture and recreation	383,016	36,394	111,738	—	(234,884)	—
Environmental protection	1,982,041	1,738,341	—	—	(243,700)	—
Interest on long-term debt	121,188	—	865,168	—	743,980	—
Total Governmental Activities	<u>\$23,458,357</u>	<u>\$ 3,806,569</u>	<u>\$ 4,338,671</u>	<u>\$ 329,112</u>	<u>(14,984,005)</u>	<u>—</u>
Component Unit:						
McPherson County Extension Council	<u>\$ 329,605</u>	<u>\$ —</u>	<u>\$ 73,167</u>	<u>\$ —</u>	<u>—</u>	<u>(256,438)</u>
General Revenues:						
Property taxes levied for:						
General purposes					13,670,573	—
Sales taxes					2,384,063	—
Payment from McPherson County					—	289,921
Grants and entitlements not restricted to specific programs					26,360	—
Investment earnings					<u>133,109</u>	<u>—</u>
Total general revenues					<u>16,214,105</u>	<u>289,921</u>
Change in net position					1,230,100	33,483
Net position at beginning of year					<u>52,440,784</u>	<u>96,678</u>
Net position at end of year					<u>\$ 53,670,884</u>	<u>\$ 130,161</u>

The accompanying notes are an integral
part of the financial statements.

FUND FINANCIAL STATEMENTS

McPHERSON COUNTY, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2017

	<u>General</u>	<u>Public Works</u>	<u>Employee Benefits</u>	<u>Special Landfill</u>	<u>Highway Improvement Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash and short-term investments	\$ 2,380,860	\$ 1,321,375	\$ 1,237,449	\$ –	\$ 2,284,970	\$ 5,835,144	\$ 13,059,798
Receivables:							
Trade accounts	–	1,401	–	–	–	35,189	36,590
Property taxes	5,547,177	5,205,586	1,533,313	1,667,735	–	452,077	14,405,888
Sales tax	376,367	–	–	–	–	–	376,367
Due from other governments	447,379	50,977	–	–	–	33,441	531,797
Accrued interest receivable	5,795	–	–	–	–	–	5,795
Inventories, at cost	–	335,951	–	–	–	–	335,951
Total assets	<u>\$ 8,757,578</u>	<u>\$ 6,915,290</u>	<u>\$ 2,770,762</u>	<u>\$ 1,667,735</u>	<u>\$ 2,284,970</u>	<u>\$ 6,355,851</u>	<u>\$ 28,752,186</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>							
Liabilities:							
Salaries and wages payable	\$ 190,806	\$ 65,178	\$ –	\$ –	\$ –	\$ 48,642	\$ 304,626
Accounts payable	33,468	94,815	93,089	–	–	18,393	239,765
Total liabilities	<u>224,274</u>	<u>159,993</u>	<u>93,089</u>	<u>–</u>	<u>–</u>	<u>67,035</u>	<u>544,391</u>
Deferred inflows of resources:							
Property taxes receivable	<u>5,547,177</u>	<u>5,205,586</u>	<u>1,533,313</u>	<u>1,667,735</u>	<u>–</u>	<u>452,077</u>	<u>14,405,888</u>
Fund balances:							
Nonspendable:							
Inventories	–	335,951	–	–	–	–	335,951
Restricted:							
Employee benefits	–	–	1,144,360	–	–	–	1,144,360
Technology	–	–	–	–	–	129,022	129,022
Public safety – 911 equipment	–	–	–	–	–	382,285	382,285
Public safety services	–	–	–	–	–	214,803	214,803
Health and welfare	–	–	–	–	–	455,612	455,612
Environmental protection – landfill development and operations	–	–	–	–	–	48,529	48,529
Culture and recreation	–	–	–	–	–	33,531	33,531
Debt service	–	–	–	–	–	8,911	8,911
Other purposes	–	–	–	–	–	139,645	139,645
Committed:							
Self insurance claims	1,049,749	–	–	–	–	–	1,049,749
Highway improvements	–	217,102	–	–	2,284,970	915,925	3,417,997
Capital improvements	–	–	–	–	–	1,911,868	1,911,868
Environmental protection – remediation and equipment	–	–	–	–	–	1,596,608	1,596,608
Assigned:							
General government	236,844	–	–	–	–	–	236,844
Public works	–	996,658	–	–	–	–	996,658
Unassigned	<u>1,699,534</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,699,534</u>
Total fund balances	<u>2,986,127</u>	<u>1,549,711</u>	<u>1,144,360</u>	<u>–</u>	<u>2,284,970</u>	<u>5,836,739</u>	<u>13,801,907</u>
Total liabilities and fund balances	<u>\$ 8,757,578</u>	<u>\$ 6,915,290</u>	<u>\$ 2,770,762</u>	<u>\$ 1,667,735</u>	<u>\$ 2,284,970</u>	<u>\$ 6,355,851</u>	<u>\$ 28,752,186</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2017

Total Governmental Fund Balances		\$ 13,801,907
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (capital assets net of accumulated depreciation):		
Cost	\$113,721,559	
Accumulated depreciation	<u>(65,041,109)</u>	48,680,450
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		1,667,735
Deferred outflows related to bond refunding costs		242,848
Internal Service Funds are used by management to charge the costs of health insurance benefits to individual funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position		
		1,126,490
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable on general obligation bonds	51,875	
Compensated absences payable	635,384	
Other postemployment benefits other than pensions	927,550	
Net pension liability for Kansas Public Employee's Retirement System Plan including deferred outflows of resources and deferred inflows of resources	5,567,868	
General obligation bonds payable	4,365,000	
Unamortized premium on general obligation bonds payable	<u>300,869</u>	
		<u>(11,848,546)</u>
Net Position of Governmental Activities		<u>\$ 53,670,884</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2017

	<u>General</u>	<u>Public Works</u>	<u>Employee Benefits</u>	<u>Special Landfill</u>	<u>Highway Improvement Reserve</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$ 7,183,260	\$ 5,607,156	\$ 2,810,099	\$ 1,668,026	\$ —	\$ 652,797	\$17,921,338
Intergovernmental	773,202	959,705	—	—	313,996	2,321,652	4,368,555
Licenses and permits	619,222	—	—	—	—	380,849	1,000,071
Charges for services	105,212	45	—	—	—	720,827	826,084
Use of money and property	187,164	9,921	—	—	—	101	197,186
Miscellaneous	183,261	182,815	10,257	—	—	10,200	386,533
Total revenues	<u>9,051,321</u>	<u>6,759,642</u>	<u>2,820,356</u>	<u>1,668,026</u>	<u>313,996</u>	<u>4,086,426</u>	<u>24,699,767</u>
Expenditures:							
Current:							
General government	2,353,984	—	558,215	—	—	381,220	3,293,419
Public safety	4,635,175	—	1,110,887	—	—	1,612,463	7,358,525
Highways and streets	—	5,537,197	661,038	—	215,719	—	6,413,954
Health and welfare	1,080,453	—	85,685	—	—	995,537	2,161,675
Culture and recreation	293,933	—	63,508	—	—	—	357,441
Environmental protection	33,185	—	40,827	1,669,000	—	236,128	1,979,140
Capital outlay	—	—	—	—	—	302,552	302,552
Debt Service	—	—	—	—	—	865,168	865,168
Total expenditures	<u>8,396,730</u>	<u>5,537,197</u>	<u>2,520,160</u>	<u>1,669,000</u>	<u>215,719</u>	<u>4,393,068</u>	<u>22,731,874</u>
Revenues over (under) expenditures	<u>654,591</u>	<u>1,222,445</u>	<u>300,196</u>	<u>(974)</u>	<u>98,277</u>	<u>(306,642)</u>	<u>1,967,893</u>
Other financing sources (uses):							
Transfers in	98,969	—	—	—	300,000	1,011,000	1,409,969
Transfers out	(675,000)	(600,000)	—	—	—	(134,969)	(1,409,969)
Total other financing sources (uses)	<u>(576,031)</u>	<u>(600,000)</u>	<u>—</u>	<u>—</u>	<u>300,000</u>	<u>876,031</u>	<u>—</u>
Net change in fund balances	78,560	622,445	300,196	(974)	398,277	569,389	1,967,893
Fund balances, beginning of year	<u>2,907,567</u>	<u>927,266</u>	<u>844,164</u>	<u>974</u>	<u>1,886,693</u>	<u>5,267,350</u>	<u>11,834,014</u>
Fund balances, end of year	<u>\$ 2,986,127</u>	<u>\$ 1,549,711</u>	<u>\$ 1,144,360</u>	<u>\$ —</u>	<u>\$ 2,284,970</u>	<u>\$5,836,739</u>	<u>\$13,801,907</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

Net Change in Fund Balances – Total Governmental Funds		\$ 1,967,893
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 2,777,357	
Depreciation	<u>(4,326,501)</u>	
Excess of depreciation expense over capital outlays		(1,549,144)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		7,015
In the statement of activities, other postemployment benefits other than pensions are measured by the amount due during the year instead of the amount paid.		(101,199)
In the statement of activities the deferred refunding costs increases deferred outflows of resources but does not provide current resources to the governmental funds. Amortization of the deferred refunding costs is reflected in the statement of activities but is not reported as expenditures in the governmental funds:		
Amortization of deferred refunding costs		(24,659)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
General obligation bond payment		725,000
Internal service funds are used by management to charge the cost of health insurance benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		85,981
Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the special assessments are levied.		(11,310)
Pension contributions is an expenditure in the governmental funds but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows of resources for pensions are only recorded in the statement of activities.		57,832
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Compensated absences payable	36,067	
Amortization of premium on issuance of refunding bonds	<u>36,624</u>	
Total		<u>72,691</u>
Change in Net Position of Governmental Activities		<u>\$ 1,230,100</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued on next page)

Year ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues and other sources:				
Taxes	\$ 6,860,042	\$ 6,860,042	\$ 6,989,789	\$ 129,747
Intergovernmental	793,236	793,236	773,202	(20,034)
Charges for services	94,500	94,500	105,212	10,712
Licenses, fees and permits	481,380	481,380	619,222	137,842
Use of money and property	60,250	60,250	187,164	126,914
Other	25,100	25,100	183,261	158,161
Transfers in	<u>6,000</u>	<u>6,000</u>	<u>98,969</u>	<u>92,969</u>
Total revenues and other sources	<u>8,320,508</u>	<u>8,320,508</u>	<u>8,956,819</u>	<u>636,311</u>
Expenditures, encumbrances and other uses:				
Commissioners:				
Personal services	77,900	77,900	78,616	(716)
Contractual services	6,675	6,675	5,554	1,121
Commodities	<u>650</u>	<u>650</u>	<u>176</u>	<u>474</u>
Total Commissioners Department	<u>85,225</u>	<u>85,225</u>	<u>84,346</u>	<u>879</u>
County Counselor:				
Personal services	31,200	31,200	31,200	—
Contractual services	<u>9,500</u>	<u>9,500</u>	<u>798</u>	<u>8,702</u>
Total County Counselor	<u>40,700</u>	<u>40,700</u>	<u>31,998</u>	<u>8,702</u>
Administrator/Financial Manager:				
Personal services	241,000	241,000	245,575	(4,575)
Contractual services	7,810	7,810	4,661	3,149
Commodities	<u>3,475</u>	<u>3,475</u>	<u>4,052</u>	<u>(577)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Total Administrator/ Financial Manager Department	\$ 252,285	\$ 252,285	\$ 254,288	\$ (2,003)
Crestwood Cemetery:				
Contractual services	4,500	4,500	3,489	1,011
Commodities	—	—	132	(132)
Total Crestwood Cemetery	4,500	4,500	3,621	879
Data Processing:				
Personal services	111,280	111,280	108,543	2,737
Contractual services	102,056	102,056	79,445	22,611
Commodities	5,400	5,400	4,209	1,191
Capital outlay	36,000	36,000	26,497	9,503
Total Data Processing Department	254,736	254,736	218,694	36,042
County Clerk:				
Personal services	158,671	158,671	159,530	(859)
Contractual services	6,630	6,630	5,387	1,243
Commodities	1,250	1,250	318	932
Total County Clerk's Department	166,551	166,551	165,235	1,316
County Treasurer:				
Personal services	153,600	153,600	161,260	(7,660)
Contractual services	25,980	25,980	25,655	325
Commodities	2,800	2,800	2,147	653

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Total County Treasurer's Department	\$ 182,380	\$ 182,380	\$ 189,062	\$ (6,682)
Register of Deeds:				
Personal services	159,962	159,962	147,077	12,885
Contractual services	9,460	9,460	7,467	1,993
Commodities	<u>1,100</u>	<u>1,100</u>	<u>904</u>	<u>196</u>
Total Register of Deeds Department	<u>170,522</u>	<u>170,522</u>	<u>155,448</u>	<u>15,074</u>
Planning and Zoning:				
Personal services	84,800	84,800	89,582	(4,782)
Contractual services	20,375	20,375	7,478	12,897
Commodities	<u>2,900</u>	<u>2,900</u>	<u>747</u>	<u>2,153</u>
Total Planning and Zoning Department	<u>108,075</u>	<u>108,075</u>	<u>97,807</u>	<u>10,268</u>
Courthouse General				
Contractual services	343,650	343,650	268,810	74,840
Commodities	17,600	17,600	31,914	(14,314)
Capital outlay	<u>39,000</u>	<u>39,000</u>	<u>5,887</u>	<u>33,113</u>
Total Courthouse General Department	<u>400,250</u>	<u>400,250</u>	<u>306,611</u>	<u>93,639</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Courthouse Maintenance:				
Personal services	\$ 60,000	\$ 60,000	\$ 66,414	\$ (6,414)
Contractual services	11,590	11,590	1,431	10,159
Commodities	28,050	28,050	21,743	6,307
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>—</u>	<u>40,000</u>
Total Courthouse Maintenance	<u>139,640</u>	<u>139,640</u>	<u>89,588</u>	<u>50,052</u>
Election:				
Personal services	6,300	6,300	5,539	761
Contractual services	52,109	52,109	31,820	20,289
Commodities	9,000	9,000	627	8,373
Capital Outlay	<u>—</u>	<u>—</u>	<u>260</u>	<u>(260)</u>
Total Election Department	<u>67,409</u>	<u>67,409</u>	<u>38,246</u>	<u>29,163</u>
Appraiser:				
Personal services	360,000	360,000	346,685	13,315
Contractual services	34,380	34,380	50,877	(16,497)
Commodities	8,000	8,000	3,983	4,017
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>14,927</u>	<u>(11,927)</u>
Total Appraiser Department	<u>405,380</u>	<u>405,380</u>	<u>416,472</u>	<u>(11,092)</u>
Bank Building:				
Contractual services	102,250	102,250	92,980	9,270
Commodities	4,900	4,900	32	4,868
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>—</u>	<u>50,000</u>
Total Bank Building Department	<u>157,150</u>	<u>157,150</u>	<u>93,012</u>	<u>64,138</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Sheriff:				
Personal services	\$ 1,125,500	\$ 1,125,500	\$1,094,883	\$ 30,617
Contractual services	177,345	177,345	178,162	(817)
Commodities	117,185	117,185	91,993	25,192
Capital outlay	<u>108,580</u>	<u>108,580</u>	<u>126,149</u>	<u>(17,569)</u>
Total Sheriff's Department	<u>1,528,610</u>	<u>1,528,610</u>	<u>1,491,187</u>	<u>37,423</u>
Jail:				
Personal services	674,650	674,650	710,884	(36,234)
Contractual services	305,125	305,125	324,819	(19,694)
Commodities	46,700	46,700	45,502	1,198
Capital outlay	<u>9,615</u>	<u>9,615</u>	<u>35,527</u>	<u>(25,912)</u>
Total Jail Department	<u>1,036,090</u>	<u>1,036,090</u>	<u>1,116,732</u>	<u>(80,642)</u>
County Attorney/Victim Witness:				
Personal services	348,000	348,000	358,386	(10,386)
Contractual services	58,100	58,100	45,629	12,471
Commodities	19,000	19,000	13,602	5,398
Capital outlay	<u>4,600</u>	<u>4,600</u>	<u>5,460</u>	<u>(860)</u>
Total County Attorney/ Victim Witness Department	<u>429,700</u>	<u>429,700</u>	<u>423,077</u>	<u>6,623</u>
Unified Courts:				
Contractual services	191,650	191,650	174,278	17,372
Commodities	18,250	18,250	12,864	5,386
Capital outlay	<u>5,400</u>	<u>5,400</u>	<u>13,737</u>	<u>(8,337)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	Variance With Final Budget Positive (Negative)
Total Unified Courts	\$ 215,300	\$ 215,300	\$ 200,879	\$ 14,421
Emergency Management:				
Personal services	6,000	6,000	—	6,000
Contractual services	27,610	27,610	21,128	6,482
Commodities	<u>6,075</u>	<u>6,075</u>	<u>3,267</u>	<u>2,808</u>
Total Emergency Management Department	<u>39,685</u>	<u>39,685</u>	<u>24,395</u>	<u>15,290</u>
Emergency Communications:				
Personal services	749,566	749,566	699,656	49,910
Contractual services	11,280	11,280	4,626	6,654
Commodities	6,850	6,850	5,772	1,078
Capital outlay	<u>—</u>	<u>—</u>	<u>16,452</u>	<u>(16,452)</u>
Total Emergency Communications Department	<u>767,696</u>	<u>767,696</u>	<u>726,506</u>	<u>41,190</u>
Old Mill Park and Museum:				
Personal services	152,332	152,332	163,789	(11,457)
Contractual services	56,825	56,825	56,562	263
Commodities	19,850	19,850	20,566	(716)
Capital outlay	<u>17,000</u>	<u>17,000</u>	<u>6,409</u>	<u>10,591</u>
Total Old Mill Park and Museum Department	<u>246,007</u>	<u>246,007</u>	<u>247,326</u>	<u>(1,319)</u>

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
4-H Fair:				
Contractual services	\$ 25,500	\$ 25,500	\$ 24,356	\$ 1,144
Commodities	1,000	1,000	—	1,000
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>—</u>	<u>5,000</u>
Total 4-H Fair	<u>31,500</u>	<u>31,500</u>	<u>24,356</u>	<u>7,144</u>
Infant Development Program:				
Personal services	239,700	239,700	221,236	18,464
Contractual services	81,100	81,100	64,354	16,746
Commodities	4,750	4,750	2,383	2,367
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>5,434</u>	<u>(434)</u>
Total Infant Development Program	<u>330,550</u>	<u>330,550</u>	<u>293,407</u>	<u>37,143</u>
Other:				
Services for the elderly	292,500	292,500	292,500	—
Mental health	169,125	169,125	169,125	—
Domestic Violence/COVAP	11,500	11,500	11,500	—
Special fair	13,750	13,750	13,750	—
Soil Conservation	33,185	33,185	33,185	—
County Extension				
Appropriation	289,921	289,921	289,921	—
Joint Airport	170,000	170,000	64,940	105,060
Economic development	70,000	70,000	69,537	463
Coroner fees	89,000	89,000	76,080	12,920
Humane Society	20,500	20,500	20,500	—
Ambulance	605,452	605,452	605,452	—
STEPMC/Circles	15,000	15,000	15,000	—

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Other:				
Transfers out	\$ 675,000	\$ 675,000	\$ 675,000	\$ —
Total Other	<u>2,454,933</u>	<u>2,454,933</u>	<u>2,336,490</u>	<u>118,443</u>
Total expenditures, encumbrances and other uses	<u>9,514,874</u>	<u>9,514,874</u>	<u>9,028,783</u>	<u>486,091</u>
Revenues and other sources over (under) expenditures, encum- brances and other uses	(1,194,366)	(1,194,366)	(71,964)	1,122,402
Fund balance, beginning of year	<u>1,194,366</u>	<u>1,194,366</u>	<u>1,596,376</u>	<u>402,010</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,524,412</u>	<u>\$1,524,412</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

PUBLIC WORKS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 5,565,188	\$ 5,565,188	\$ 5,607,156	\$ 41,968
Intergovernmental	858,000	858,000	959,705	101,705
Charges for services	50	50	45	(5)
Miscellaneous	15,000	15,000	265,941	250,941
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>9,921</u>	<u>4,921</u>
Total revenues	<u>6,443,238</u>	<u>6,443,238</u>	<u>6,842,768</u>	<u>399,530</u>
Expenditures, encumbrances and other uses:				
Personal services	1,795,600	1,795,600	1,704,331	91,269
Contractual services	948,110	948,110	787,783	160,327
Commodities	2,933,100	2,933,100	2,601,321	331,779
Capital outlay	1,184,500	1,184,500	681,577	502,923
Transfers out	<u>—</u>	<u>—</u>	<u>600,000</u>	<u>(600,000)</u>
Total expenditures, encumbrances and other uses	<u>6,861,310</u>	<u>6,861,310</u>	<u>6,375,012</u>	<u>486,298</u>
Revenues over (under) expenditures, encumbrances and other uses	(418,072)	(418,072)	467,756	885,828
Fund balance, beginning of year	<u>418,072</u>	<u>418,072</u>	<u>490,285</u>	<u>72,213</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 958,041</u>	<u>\$ 958,041</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 2,782,118	\$ 2,782,118	\$ 2,810,099	\$ 27,981
Miscellaneous	<u>—</u>	<u>—</u>	<u>10,257</u>	<u>10,257</u>
Total revenues	2,782,118	2,782,118	2,820,356	38,238
Expenditures:				
Personal services	<u>3,010,000</u>	<u>3,010,000</u>	<u>2,520,160</u>	<u>489,840</u>
Revenues over (under) expenditures	(227,882)	(227,882)	300,196	528,078
Fund balance, beginning of year	<u>227,882</u>	<u>227,882</u>	<u>844,164</u>	<u>616,282</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,144,360</u>	<u>\$1,144,360</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

SPECIAL LANDFILL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$1,653,000	\$1,653,000	\$ 1,668,026	\$ 15,026
Expenditures:				
Contractual services	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,669,000</u>	<u>81,000</u>
Revenues over (under) expenditures	(97,000)	(97,000)	(974)	96,026
Fund balance, beginning of year	<u>130,540</u>	<u>130,540</u>	<u>974</u>	<u>(129,566)</u>
Fund balance, end of year	<u>\$ 33,540</u>	<u>\$ 33,540</u>	<u>\$ —</u>	<u>\$ (33,540)</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND
December 31, 2017

Assets:	
Current assets:	
Cash including short-term investments	\$1,176,231
Liabilities:	
Current liabilities:	
Accounts payable	<u>49,741</u>
Net position – unrestricted	<u>\$1,126,490</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2017

Operating revenues:	
Employee/employer contributions	\$ 1,808,554
Operating expenses:	
Claims from participants	<u>1,722,573</u>
Change in net position	85,981
Net position, beginning of year	<u>1,040,509</u>
Net position, end of year	<u>\$ 1,126,490</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2017

Cash flow from operating activities:	
Cash received for contributions	\$ 1,719,554
Cash payments for claims	<u>(1,661,059)</u>
Cash flows provided by operating activities - net increase in cash and cash equivalents	58,495
Cash and cash equivalents, beginning of year	<u>1,117,736</u>
Cash and cash equivalents, end of year	<u>\$ 1,176,231</u>
Reconciliation of operating income to net cash provided for operating activities:	
Operating income	\$ 85,981
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Decrease in accounts payable	<u>(27,486)</u>
Net cash provided by operating activities	<u>\$ 58,495</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS**

December 31, 2017

Assets:	
Cash including investments	\$ 32,583,865
Property tax levied	<u>22,561,968</u>
Total assets	<u>\$ 55,145,833</u>
Liabilities:	
Accrued liabilities	\$ 24,131
Due to:	
Other governmental units	122,591
Others	7,550
Taxing districts:	
Apportioned taxes	12,333
Unapportioned taxes	54,934,612
Case balance deposits	<u>44,616</u>
Total liabilities	<u>\$ 55,145,833</u>

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

McPherson County, Kansas (County) is organized under the laws of the State of Kansas and operates under a three-member board of commissioners elected from separate districts throughout the County. The County provides services to its citizens in the areas of highways, public improvement, public safety, planning and zoning, health services, recreation facilities and general administrative services.

As required by generally accepted accounting principles, these financial statements present McPherson County, Kansas (the primary government) and its component unit. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component unit

The McPherson County Extension Council provides instruction and practical demonstrations in agriculture, marketing, home economics, 4-H club and youth work, and community and resource development to all persons of McPherson County. The Board of County Commissioners are required by state statute to approve the annual operating budget of the McPherson County Extension Council and levy property taxes, within statutory limitations, for the financing of such budgeted appropriations. The Council's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy and represents over 70% of the McPherson County Extension Council's operating resources. In addition, the County provides the facilities used by McPherson County Extension Council. Complete financial statements for the McPherson County Extension Council may be obtained from the administrative offices of the entity at 600 West Woodside, McPherson, Kansas 67460-0308.

Related organizations

The Board of County Commissioners, by state statute, serves as the governing body of each Fire District established in McPherson County. State statutes further provide that the Board of County Commissioners may appoint a board of not less than three members to serve as the governing body of such District and such board shall have all the powers vested with the Board of County Commissioners. McPherson County has established 10 separate Fire Districts' organized under the provisions of the state statutes discussed above, with all being defined as separate taxing entities. These Fire Districts provide fire protection services principally to the unincorporated areas of the County. Property taxes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are assessed within the benefit districts to provide the resources for the cost of the fire protection services and such levies are established and levied by the respective Fire District Boards'. The Fire District Boards' also have the authority to issue general obligation bonds, which are secured by the full faith and credit of the Fire District.

Basis of presentation

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net position presents the financial condition of the County and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the County.

Fund financial statements

During the year, the County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The County reports the following major governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund.

Public Works Fund – The Public Works Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for public works maintenance operations. Financing is provided from property taxes and motor fuel taxes distributed from the State of Kansas.

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for the County's portion of social security taxes, Medicare taxes, retirement, worker's compensation insurance and unemployment insurance contributions. Financing is provided by property taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for the County's portion of social security taxes, Medicare taxes, retirement, worker's compensation insurance and unemployment insurance contributions. Financing is provided by property taxes.

Special Landfill Fund – The Special Landfill Fund is used to account for and report the specific revenue sources that are restricted or committed to expenditure for the operations of the County landfill and solid waste removal from the County. Financing is provided through special assessment tax levies to all property owners in the County.

Highway Improvement Reserve Fund – The Highway Improvement Reserve Fund is used to account for highway improvement and maintenance operations. Financing is provided by transfers from the Public Works Fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes. This fund also receives intergovernmental revenues from shared projects with the State of Kansas and other governmental entities within the County.

The County also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

Internal Service Fund – The Employee Benefit Plan Fund is used to account for and report the financing of health insurance coverage on County employees, which is financed from employee withholdings and County contributions.

Agency Funds – The agency funds are used to report resources held by the County in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The agency funds consist of funds maintained by the County Treasurer for tax collection accounts, tax distribution accounts, motor vehicle fees and sales tax collection accounts, fish and game licenses and park permits and stray animals. In addition, the County maintains agency funds for resources held for the benefit of the McPherson County jail inmates, the McPherson County cafeteria benefit plan, the McPherson County Sheriff's reserve and sales taxes collected by McPherson County to be remitted to the State of Kansas.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between certain County departments that involve different functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The internal service fund activity is eliminated in the government-wide financial statements to avoid duplication of revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the County at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Use of money and property represents earnings from investment of idle funds, rents and sales of unused County property. Accruals for significant amounts of interest earned are recorded as a receivable and interest income at year-end. The remaining use of money and property revenues is generally not susceptible to accrual and is recorded when received in cash.

Budgetary principles

The County is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute) and debt service. Specific special revenue funds exempted from legally adopted budgetary requirements include the Oil & Gas Depletion Trust, Prosecutor Training and Assistance, Law Enforcement Trust and Motor Vehicle Department funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The following budgets were amended by the governing body during 2017:

Fund	<u>Original Budget</u>	<u>Amended Budget</u>
Court Trustee	\$ 284,200	\$ 345,000
Technology – County Clerk	5,000	24,000

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. The County Administrator/Financial Manager has the authority to revise line item budgets within a fund or a department within a fund, however total departmental amendments or individual fund amendments must be approved by the County Commission. The expenditure data presented in the schedules for budgetary comparison represent the original line item budgets approved by the County Commission.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Major Governmental Funds				Other Nonmajor Governmental Funds
	General Fund	Public Works Fund	Employee Benefits Fund	Special Landfill Fund	
GAAP Fund Balance at December 31, 2017	\$2,986,127	\$ 1,549,711	\$ 1,144,360	\$ —	\$ 5,836,739
Adjustments:					
Reserved for encumbrances (budgeted funds)	(35,599)	(255,719)	—	—	—
Reserved for inventories	—	(335,951)	—	—	—
Reserved for self-insurance claims	(1,049,749)	—	—	—	—
Accrued sales tax revenues	(376,367)	—	—	—	—
Unreserved fund balances not subject to the Kansas Budget law	—	—	—	—	(4,594,704)
Budgetary Fund Balance at December 31, 2017	<u>\$1,524,412</u>	<u>\$ 958,041</u>	<u>\$ 1,144,360</u>	<u>\$ —</u>	<u>\$ 1,242,035</u>

Cash including short-term investments

Cash balances in all funds are considered in determining the amount to be invested. All investment earnings are credited to the General Fund in accordance with the adopted budget.

Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County.

Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Sales tax receivable

The County has a 1.5% local sales tax with ½ of the 1% sales tax allocated to the cities within the County. The additional .5% was approved by the citizenry in November 2015 to support the three hospitals located in the County with ¾'s of the additional sales tax being

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

allocated to the hospital located in the City of McPherson and the remaining $\frac{1}{4}$ split equally between the hospitals located in the City of Lindsborg and the City of Moundridge. The sales tax is collected by the State and remitted to the County monthly. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end.

Special assessment taxes receivable

Special assessment taxes are levied to every property owner in the County each year and become a lien on the property when assessed on November 1. The amount of levy is determined by the County Commission each year prior to June 1. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Special Landfill Fund and are accrued in the Statement of Net Position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as deferred inflows of resources in the funds statement.

Inventories and prepaid items

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the Public Works Fund represent, sand, salt and asphalt products and other expendable supplies held for consumption.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the government-wide financial statements, rather than in the governmental fund financial statements. The County has capitalized infrastructure assets consisting of bridges, curbs and gutters and drainage systems purchased or constructed since January 1902. Highways and roads purchased or constructed since January 1951 have been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date donated. The County capitalizes capital assets with a value of \$1,000 or more.

Effective January 1, 2009, the County has elected to retroactively report its intangible assets, right-of-way easements, to include all purchases subsequent to December 31, 1990. Intangible assets with indefinite useful lives, such as right-of-way easements, are not amortized under the provisions of Governmental Accounting Standards Board Statement No. 51.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Buildings	10 to 50 years
Improvements other than buildings	5 to 15 years
Machinery and equipment	3 to 10 years
Infrastructure – roads and roadbeds	5 to 40 years
Infrastructure – bridges	35 to 70 years

Compensated absences

During 2003, the County implemented a paid time off (PTO) policy to replace the former vacation, sick and bereavement leave policies. PTO hours are earned based on years of service with the County and range from 130 hours per year for employees with less than one year of service to 234 hours per year for employees with fifteen or more years of service. The maximum PTO that may be accumulated as of an employee's anniversary date is 520 hours. At termination of employment, an employee shall be reimbursed for all accumulated PTO time, up to 520 hours, at an amount equal to 100% of the employee's hourly wage at the time of termination.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost-sharing multi-employer statewide pension plan. The County's policy is to fund all pension costs determined annually by the system's actuary.

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. During 1993, the County established the Insurance Reserve Fund to cover deductibles and other liabilities related to its risk of loss for these types of risks.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 1993, the County established a self-insurance health insurance program (Employee Benefits Plan Fund, an internal service fund) for employees for which it retains risk of loss with certain limitations. The County's retained risk is limited through stop loss insurance coverage carried with a commercial insurance carrier. This policy provides for complete insurance coverage after the County has incurred \$100,000 of claims for any individual, in any one plan year, and also limits the County's paid claims to 100% of expected claims computed on a cumulative basis by month for any plan year. All County funds incurring payroll expenditures participate in the program and make payments to the Employee Benefits Plan Fund (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$49,741 at December 31, 2017 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount for 2015 and 2016 were as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year end</u>
2016	\$ 74,805	\$ 1,915,765	\$1,913,343	\$ 77,227
2017	77,227	1,633,573	1,661,059	49,741

The County reports all other risk management activities in its General Fund. These liabilities would include payments to cover deductibles and other claims not covered through commercial insurance coverage's for property and liability losses. At December 31, 2017 there were no outstanding liabilities for these types of risks. Changes in the reported liability amount for 2016 and 2017 were as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year end</u>
2016	\$ —	\$ —	\$ —	\$ —
2017	—	—	—	—

At December 31, 2017, General Fund cash and short-term investments of \$1,049,749 were held for purposes of funding the County's current accrued liabilities and future claims liabilities. As a result, \$1,049,749 of the General Fund balance is committed for payment of future claims liabilities.

Under Kansas budgetary principles, the County accounts for its self-insurance reserve activities in a separate fund, which is not subject to annual budgetary appropriation. However, the financial statements prepared in accordance with generally accepted

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accounting principles include the County's self-insurance reserve activities in the General Fund.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The County has identified changes in the pension liability proportion and differences between expected and actual experience as financial balances that meet the definition of a deferred outflow of resources. In addition, the deferred charges related to the general obligation refunding bond transaction is also identified as a deferred outflow of resources. The County had identified property taxes receivable and pension related items of differences between expected and actual experience, differences between projected and actual investment earnings, change in assumptions and change in pension liability proportion as financial balances that meet the definition of deferred inflows of resources.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Invested in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints place on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first.
- Unrestricted net position – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed – Assets with a purpose formally imposed by resolution by the Board of County Commissioners, binding unless modified or rescinded by the Board of County Commissioners.
- Assigned – Comprised of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County Commission or (2) a body or official to whom the County Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the County's policies. The County Administrator/Financial Manager has been delegated authority to assign amounts for specific purposes within the County's established policies.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The County has no formal fund balance policy to maintain a minimum unrestricted fund balance fund for any County funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

At December 31, 2017 the County had the following investments:

2. DEPOSITS AND INVESTMENTS (continued)

<u>Investment Type</u>	<u>Carrying Amount/ Fair Value</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>
Kansas Municipal Investment Pool – Overnight	\$ 34,614,683	\$ 34,614,683	.03	S&P AAAf/S1+

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices. The rating of the County's investments is noted above.

Concentration of credit risk

State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County's allocation of investments as of December 31, 2017, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

The Kansas State Treasurer, under the oversight of the Pooled Money Investment Board, manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant's fair value of their position in the pool is the same as their value of the pool shares. The investments with the Kansas Municipal Investment Pool are not subject to pledged security statutes.

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned to the County. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral

2. DEPOSITS AND INVESTMENTS (continued)

held under a joint custody receipts issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, Kansas.

At year-end, the carrying amount of the County's deposits was \$12,033,390 with the bank balances of such accounts being \$12,417,852. Of the bank balances, \$1,603,668 was covered by federal depository insurance and the remaining balance of \$10,814,184 was covered by collateral held by the County's custodial banks in joint custody in the name of the County and its banks. The fair value of the pledged securities held by the County's custodial banks was \$14,328,64 at December 31, 2016.

At year-end the carrying amount of the County's discretely presented component unit deposits was \$186,422 with the bank balances of such accounts being \$199,762. The bank balances of the County's discretely presented component unit were entirely covered by federal depository insurance at December 31, 2017.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2017, the County had invested \$34,614,683 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2017 is as follows:

Cash on hand	\$ 171,821
Carrying amount of deposits – primary government	12,033,390
Carrying amount of deposits – component unit	186,422
Carrying amount of investments – primary government	<u>34,614,683</u>
Total	<u>\$ 47,006,316</u>
Amounts per statement of net position:	
Cash and investments – primary government	\$ 14,236,029
Cash and investments – component unit	186,422
Cash and investments held in fiduciary funds	<u>32,583,865</u>
Total	<u>\$ 47,006,316</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the County for the year ended December 31, 2017 is as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,795,764	\$ —	\$ —	\$ 1,795,764
Intangibles	614,107	—	—	614,107
Construction work in progress	—	235,399	—	235,399
Total assets not being depreciated	<u>2,409,871</u>	<u>235,399</u>	<u>—</u>	<u>2,645,270</u>
Capital assets being depreciated:				
Buildings	7,582,950	68,584	—	7,651,534
Improvements other than buildings	4,675,574	25,265	—	4,700,839
Infrastructure	84,039,914	1,733,595	45,968	85,727,541
Machinery and equipment	<u>12,462,476</u>	<u>714,514</u>	<u>180,615</u>	<u>12,996,375</u>
Total capital assets being depreciated	<u>108,760,914</u>	<u>2,541,958</u>	<u>226,583</u>	<u>111,076,289</u>
Less accumulated depreciation for:				
Buildings	4,471,965	225,441	—	4,697,406
Improvements other than buildings	2,916,077	132,265	—	3,048,342
Infrastructure	43,707,213	3,275,694	45,968	46,936,939
Machinery and equipment	<u>9,845,936</u>	<u>693,101</u>	<u>180,615</u>	<u>10,358,422</u>
Total accumulated depreciation	<u>60,941,191</u>	<u>4,326,501</u>	<u>226,583</u>	<u>65,041,109</u>
Total capital assets being depreciated, net	<u>47,819,723</u>	<u>(1,784,543)</u>	<u>—</u>	<u>46,035,180</u>

3. CAPITAL ASSETS (continued)

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Governmental activities capital assets, net	\$ 50,229,594	\$(1,549,144)	\$ —	\$ 48,680,450

Depreciation expense was charged to function/programs of the primary government as follows:

General government	\$ 220,937
Public safety	392,304
Highways and streets, including infrastructure	3,659,801
Health and sanitation	23,986
Culture and recreation	27,986
Environmental protection	1,487
Total depreciation expense – governmental activities	\$ 4,326,501

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the County for the year ended December 31, 2017:

	Outstanding January 1, 2017	Additions	Deletions	Outstanding December 31, 2017	Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds	\$ 5,090,000	\$ —	\$ 725,000	\$ 4,365,000	\$ 745,000
Premium on general obligation bonds	337,493	—	36,624	300,869	33,710
Net pension liability	6,753,387	125,875	656,885	6,222,377	—
Compensated absences	671,451	626,066	662,133	635,384	626,552
Other postemployment benefits	826,351	109,299	8,100	927,550	—
	<u>\$13,678,682</u>	<u>\$ 861,240</u>	<u>\$ 2,088,742</u>	<u>\$12,451,180</u>	<u>\$ 1,405,262</u>

General obligation bonds

General obligation bonds are serial bonds to be retired through calendar year 2033. At December 31, 2017 the bonds consist of the following:

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding and Improvement Bonds, Series 2013	2.00% – 4.00%	\$ 1,475,000
General Obligation Refunding Bonds, Series 2016	2.00 – 3.00%	<u>2,890,000</u>
		<u>\$ 4,365,000</u>

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 745,000	\$ 124,500	\$ 869,500
2019	550,000	105,950	655,950
2020	225,000	89,600	314,600
2021	235,000	83,000	318,000
2022	235,000	78,300	313,300
2023	245,000	71,250	316,250
2024	190,000	63,900	253,900
2025	200,000	58,200	258,200
2026	200,000	52,200	252,200
2027	210,000	46,200	256,200
2028	215,000	39,900	254,900
2029	210,000	33,450	243,450
2030	215,000	27,150	242,150
2031	220,000	20,700	240,700
2032	230,000	14,100	244,100
2033	<u>240,000</u>	<u>7,200</u>	<u>247,200</u>
	<u>\$ 4,365,000</u>	<u>\$ 915,600</u>	<u>\$ 5,280,600</u>

During 2013, the County issued \$7,050,000 of General Obligation Refunding and Improvement Bonds, Series 2013 bearing interest from 2.00% to 4.00% to provide permanent financing for the solid waste landfill project (\$5,155,000) and to advance refund the County's outstanding General Obligation Refunding Bonds, Series 2004 bonds maturing in 2014 and thereafter (\$1,895,000). The Series 2013 bonds, maturing on August 1, 2021 and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2020, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

During 2016, the County issued \$2,900,000 of General Obligation Refunding Bonds, Series 2016 bearing interest from 2.00% to 3.00% to advance refund the County's outstanding General Obligation Refunding and Improvement Bonds, Series 2013 maturing in 2021 and

4. LONG-TERM DEBT (continued)

thereafter (\$2,735,000). The Series 2016 Bonds, maturing on August 1, 2028, and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2028, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

Applicable State statutes limit the outstanding bonded indebtedness of the County to 3% of the assessed value of all tangible taxable property within the County. At December 31, 2017, the County's legal debt margin was \$14,185,322.

Net pension liability

The net pension liability is principally liquidated from the County's Employee Benefits Fund.

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The County's projected liability for compensated absences at December 31, 2017 is \$635,384, of which 54% is assignable to the General Fund, 29% to the Public Works Fund and 17% to other nonmajor funds.

Other postemployment benefits

The other postemployment benefit obligation is principally liquidated from the Employee Benefits Fund.

Conduit debt

The County has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the County, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of McPherson County, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2017:

	Outstanding January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2017</u>
McPherson County, Kansas				
Taxable Industrial				
Revenue Bonds, Series				
2011 – Mid-Kansas				
Cooperative Association	\$ 5,000,000	\$ —	\$ —	\$ 5,000,000

4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2017	Additions	Deletions	Outstanding December 31, 2017
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2014 – Producer AG, LLC	\$ 22,000,000	—	—	\$ 22,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 A – Prairieland Partners	6,774,149	—	424,648	6,349,501
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 B – Prairieland Partners	3,000,000	—	—	3,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Mid-Kansas Cooperating Association	4,000,000	—	—	4,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Producer AG, LLC	<u>14,000,000</u>	<u>—</u>	<u>—</u>	<u>14,000,000</u>
	<u>\$ 54,774,149</u>	<u>\$ —</u>	<u>\$ 424,648</u>	<u>\$ 54,349,501</u>

5. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. A summary of 2017 interfund transfers by individual fund is as follows:

	Transfers In	Transfers Out
Major Funds:		
General	\$ 98,969	\$ 675,000
Public Works	—	600,000
Highway Improvement Reserve	<u>300,000</u>	<u>—</u>
Total transfers for major funds	<u>398,969</u>	<u>1,275,000</u>

5. INTERFUND TRANSFERS (continued)

	Transfers <u>In</u>	Transfers <u>Out</u>
Nonmajor Governmental Funds:		
Noxious Weeds	\$ —	\$ 36,000
Technology – Register of Deeds	—	78,000
Motor Vehicle Department	—	20,969
Capital Improvement Reserve	675,000	—
Highway Machinery and Equipment Reserve	300,000	—
Noxious Weed Capital Reserve	<u>36,000</u>	<u>—</u>
Total transfers for nonmajor governmental funds	<u>1,011,000</u>	<u>134,969</u>
Total transfers	<u>\$ 1,409,969</u>	<u>\$ 1,409,969</u>

The transfers from the Public Works and Noxious Weeds Funds are non-routine transfers to nonmajor governmental funds to increase reserves for anticipated future improvements and equipment replacement costs to be incurred in the respective reserve funds. In addition, the transfer received by the General Fund from the Motor Vehicle Department Fund is the result of excess resources held by that fund from its 2016 operations.

The General Fund also received a non-routine transfer from the Technology – Register of Deeds Fund in the amount of \$78,000 to assist in funding costs for new software for the Register of Deeds operations.

6. PENSION PLAN

Plan description

The County participates in the Kansas Public Employees Retirement System, a cost sharing multiple employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the County are included in the local employees group.

6. PENSION PLAN (continued)

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org.

Benefits provided

Benefits are established by statute and may only be changed by the Legislature. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial

6. PENSION PLAN (continued)

valuation for each of the three state wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates are as follows:

	<u>Actuarial Employer Rate</u>	<u>Statutory Employer Capped Rate</u>
State employees	10.77%	10.81%
School employees	16.03	10.81
State/School employees (combined rate) (1)	14.89	10.81
Local government employees	8.46	8.46
Police and Firemen	19.03	19.03
Judges	21.36	21.36

- (1) The State/School subgroups are combined into one group for purposes of determining a contribution rate.

Rates shown for KPERS State, School and Judges represent the rates for the fiscal year ending June 30. KPERS Local and KP&F rates are reported for the calendar year.

Member contribution rates as a percentage of eligible compensation in fiscal year 2017 are 6.00% for Public Employees, 7.15% for Police and Firemen, and 6.00% or 2.00% for Judges.

The 2015 Legislature passed and the Governor approved Senate Bill 228, which authorized the issuance of \$1 billion in pension obligation bonds to improve the funding of the state/school group. The bonds were issued in August 2015 and deposited in the trust fund on August 20, 2015. This legislation reset the state/school statutory rate to 10.91%. In fiscal year 2015 for the state/school employer group, the Governor declared an allotment affecting the employer rate for the last two quarters of the fiscal year. The employer rate was reduced from 11.27% to 8.65%.

Employer and nonemployer allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined

6. PENSION PLAN (continued)

contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages for each group as of June 30, 2017, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the County's proportion was 0.429587%, which was a decrease of 0.006952% from its proportion measured at June 30, 2016.

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8% per year, for the cost of service credits granted retroactively when the agencies initially joined the retirement system. As of June 30, 2017, the outstanding balance was \$5,606,138. These payments are due over various time periods up through December 31, 2032.

The 2016 Legislature passed and the Governor approved Senate Bill 161, authorizing the delay of up to \$100 million in KPERS State/School contributions. The 2017 Legislature and the Governor approved Substitute For Substitute For HB 2052 which eliminated the funding for repaying the delayed 2016 contributions. The amount set up as a long-term receivable in Fiscal Year 2016 has been written off.

In addition, this bill authorized the delay of \$64.1 million in Fiscal Year 2017 contributions for unified school districts. This amount has been set up as a long-term receivable. Repayment is scheduled in a series of twenty annual payments of \$6.4 million. Senate Substitute For HB 2002 authorized the first two annual payments for Fiscal Years 2018 and 2019. The first payment of \$6.4 million was received by the Pension Plan in July 2017.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2017, the County reported a liability of \$6,222,377 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

6. PENSION PLAN (continued)

For the year ended December 31, 2017, the County recognized pension expense of \$656,885. At December 31, 2017 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
County contributions subsequent to the measurement date	\$ 332,657	\$ —
Differences between expected and actual experience	30,095	215,157
Net difference between projected and actual earnings on pension plan investments	195,186	—
Changes in assumptions	335,101	45,501
Changes in proportion	<u>107,804</u>	<u>85,676</u>
Total	<u>\$ 1,000,843</u>	<u>\$ 346,334</u>

The County reported \$332,657 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows or (deferred inflows) of resources and related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ (1,216)
2019	240,140
2020	144,899
2021	(73,460)
2022	11,489
Thereafter	—

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary Increases	3.50 to 12.00 percent, including price inflation
Investment Rate of Return	7.75 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

6. PENSION PLAN (continued)

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 percent to 3.00 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.80%
Fixed Income	13.00	1.25
Yield Driven	8.00	6.55
Real Return	11.00	1.71
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-Term Investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2017 was 1.2 percent.

6. PENSION PLAN (continued)

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 S Sub. For Substitute HB 2052 delayed \$64.1 million in Fiscal Year State/School contributions to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2017 calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	June 30, 2017		
	1.00% Decrease (6.75%)	Current Discount Rate (8.00%)	1.00% Increase (8.75%)
Net pension liability	\$8,961,583	\$6,222,377	\$3,913,334

Special funding situation

The employer contributions for non-public school district schools, as defined in K.S.A. 74-49314 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, area vocational technical schools and community junior

6. PENSION PLAN (continued)

colleges, are considered to be in a special funding situation as defined by *Governmental Accounting Standards Board Statement No. 68*. The State is treated as a nonemployer contributing entity in the System. Since these employers do not contribute directly to the System for active employees, there is not net pension liability or deferred inflows or outflows to report in their financial statements for active employees. The notes to their financial statements for these entities must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective net pension expense associated with their employer.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered position per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

7. OPERATING LEASES

On July 1, 1999, the County purchased an office building located adjacent to the County Courthouse. Certain individuals and organizations rent space in the building on a month-to-month lease arrangement. Total lease rentals from the facility during 2017 were \$26,774.

8. JOINT VENTURES

McPherson Area Solid Waste Utility

Effective July 17, 1991, the County entered into an interlocal agreement, authorized by State statutes, with the eight cities located within McPherson County to form the McPherson Area Solid Waste Utility (the Utility). The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective countywide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of all Members. The Utility is managed by a Board of Directors consisting of 3 Directors. The Directors are selected by the governing bodies of the Members, except that one Director is selected by the small cities within the County. Representation on the Board of Directors is as follows: City of McPherson – 1 Director; McPherson County – 1 Director; and Small Cities – 1 Director.

8. JOINT VENTURES (continued)

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been placed in escrow for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until its Board of Directors takes such action. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time unless provision has been made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. As discussed in Note 4, the County has provided the financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Condensed audited financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2017 is as follows:

Total assets and deferred outflows of resources	\$ 15,799,068
Total liabilities and deferred inflows of resources	7,458,589
Total net position	8,340,479
Total revenue	6,121,458
Total expenses	5,818,856
Increase in net position	302,602

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at 1431 17th Avenue, McPherson, Kansas 67460.

McPherson Airport Authority

The McPherson Airport Authority (Authority) is comprised of 5 members with 2 appointed by the Board of County Commissioners, 2 appointed by the McPherson City Commission and 1 appointed at-large by the other four members. Each entity provides ongoing financial responsibility through annual appropriations for the operation of the airport on an equal basis, as determined through the preparation of an annual operating budget. The City of McPherson and McPherson County provide their funding through each entity's General Fund. The Authority does not have bonded indebtedness authority however; either entity may issue general obligation bonds on behalf of the Authority, subject to approval by the qualified electors of the issuing entity. Currently, there is no outstanding indebtedness of either entity for the Authority. The Authority provides for the fiscal management and the day-to-day operations of the airport. Title to certain of the airport property is held by the City of McPherson, McPherson County and also by the McPherson Airport Authority. The

8. JOINT VENTURES (continued)

County has capitalized its investment in the facility, which is reflected in the statement of net position, in the amount of \$3,463,291. Those capital assets include assets not being depreciated of \$657,000 and assets being depreciated of \$2,806,291, which has accumulated depreciation of \$1,716,752 at December 31, 2017. Complete financial information for the McPherson Airport Authority may be obtained from the administrative offices of the City of McPherson, 400 East Kansas, McPherson, Kansas 67460.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical and dental, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. The funding policy of the County is to pay benefits through its self-insured Employee Benefits Plan Fund.

County retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement No. 45).

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Membership in the Plan comprised the following at January 1, 2017:

Active employees	152
Retired participants medical	3

Funding Policy

The contributions of the plan members and the County are established and may be amended by the County Commission. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. County retirees pay 100% of their healthcare premiums; the County is not required to share costs of retiree premiums.

The County's contributions to the plan for the year ended December 31, 2017 were \$1,363,983, of which 86% was paid from the Employee Benefits Fund and 14% from other nonmajor funds.

9. **OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially determined liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the County's OPEB cost for 2016:

<u>Annual OPEB Cost and Obligation for 2017</u>	<u>Amount</u>
Annual required contribution (ARC)	\$122,195
Interest on net OPEB obligation	33,054
Adjustment to ARC	<u>(45,950)</u>
Annual OPEB cost (expense)	109,299
Contributions made	<u>(8,100)</u>
Increase in net OPEB obligation	101,199
Net OPEB obligation – beginning of year	<u>826,351</u>
Net OPEB obligation – end of year	<u>\$927,550</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, and the nine preceding years, is as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
12-31-08	\$ 93,213	5.3%	\$ 60,772
12-31-09	101,224	4.9%	178,025
12-31-10	93,613	5.3%	266,722
12-31-11	95,945	2.6%	360,158
12-31-12	95,945	2.6%	453,594
12-31-13	95,945	2.6%	547,030
12-31-14	106,482	12.25%	640,466
12-31-15	109,396	14.59%	733,902
12-31-16	100,341	7.86%	826,351
12-31-17	109,299	7.41%	927,550

Funded Status and Funding Progress

As of December 31, 2017, the plan was not funded. The actuarial accrued liability for benefits was \$927,550, and there were no actuarial assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$927,550. The covered payroll (annual payroll of

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

active employees covered by the plan) was \$7,938,751, and the ratio of the UAAL to the covered payroll was 11.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and, actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future.

In the January 1, 2016, actuarial valuation (the most recent actuarial valuation received by the County), the entry age normal actuarial cost method was used. The actuarial assumptions included a 2.5% percent investment rate of return, an annual healthcare cost trend rate of 5%, and assumed inflation rate of 3% and projected salary increases at 2.5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

10. ADVANCE REFUNDING

On July 26, 2016, the County entered into an advance refunding transaction whereby it issued \$2,900,000 of General Obligation Refunding Bonds, Series 2016, with interest rates from 2.00% to 3.00%, to advance refund \$2,735,000 of outstanding General Obligation Refunding and Improvement Bonds, Series 2013 with interest rates from 3.00% to 4.00%. Proceeds from the Series 2016 Bonds, including the net premium received thereon, in the amount of \$240,108, were placed in an irrevocable trust with the County's escrow paying agent, the Security Bank of Kansas City, Kansas City, Kansas, to provide for the principal amount and interest to the call date, August 1, 2020, to advance refund the General Obligation Refunding and Improvement Bonds, Series 2013 maturing on August 1, 2021 to August 1, 2033.

The County entered into the refunding transaction for the Series 2016 General Obligation Refunding Bonds to reduce its total debt service payments over the next 13 years by

10. ADVANCE REFUNDING (continued)

\$120,669 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$110,487.

11. TAX ABATEMENTS

In the current year, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements.

McPherson County issues two types of tax abatements: (1) Economic Development Tax Exemption (EDX) and (2) Industrial Revenue Bond Exemption (IRB). EDX authority is given to local units of government in Article II, Section 13 of the Kansas Constitution. IRB exemptions authority is K.S.A. 12-1740 et. seq. Eligible properties for economic development tax exemptions are new or existing business engaged in manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce.

The County's Tax Exemption Policy allows tax abatements that meet the guidelines for EDX and IRB tax exemptions under Kansas law. The County considers granting an exemption incentive upon a clear and factual showing of direct economic benefit to the County or City in which the property is located. Factors considered in determining the amount and term of a tax exemption incentive include, but not limited to: increased employment and earnings, additional revenues from new or expanded business, types of jobs created, degree to which the business improves diversification of the economy, potential for future expansion and additional job creation, utilization of local products or materials in manufacturing and the additional direct and indirect public costs for additional infrastructure. All applications require a Cost Benefit Analysis per Kansas regulations, which can be prepared by an independent consultant or Kansas Department of Commerce.

The business is required to report any change in ownership of exempt assets which requires a new application for property tax exemption.

There is an annual requirement that the business submit an Annual Claim for Exemption from Property Taxation form with the County Appraiser. The annual review of the business report by the County is to insure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption incentive shall continue to exist.

All applications and records pertaining to a property tax exemption request shall be subject to the provisions of the Kansas Open Records Act. Any business records or information eligible to remain confidential will be kept confidential only if requested by the applicant.

The County has no provisions to recapture abated taxes if the business does not meet initial new employment or salary estimates used in the preparation of the initial Cost Benefit Analysis. If the use changes to another qualifying use the annual tax abatement will most

11. TAX ABATEMENTS (continued)

likely continue following review of the Annual Claim for Exemption Form. The tax abatement incentive is cancelled for any business that ceases to operate or no longer is considered an eligible property.

Property tax incentives issued by McPherson County are abated based on the new or expanded costs of improvements at 100% of the cost of the improvements. Per Kansas law, machinery and equipment placed in use by a business after June 30, 2006 is exempt from ad valorem taxes.

The County has made no commitments others than reduced taxes to business receiving tax abatement incentives.

McPherson County negotiates property tax abatement agreements on an individual basis. The abated taxes reflect the amounts that would have been levied on behalf of the County on the 2016 tax roll to fund expenditures during the calendar year 2017 were it not for an exemption.

A summary of economic development tax abatements for 2017 is as follows:

<u>Location of Exempt Property</u>	<u>Amount</u>
IRB Tax Abatements:	
County	\$ 93,519
Cities	<u>30,819</u>
Total IRB Abated Taxes	124,338
EDX Tax Abatements:	
County	354,160
RHID Tax Abatements:	
Cities	33,345
NRD Tax Abatements:	
Cities	<u>6,280</u>
Total abatements	<u>\$ 518,123</u>

12. COMMITMENTS AND CONTINGENCIES

Landfill

The McPherson Area Solid Waste Utility (the Utility), of which McPherson County is a member (Note 8), is subject to State and federal laws and regulations which require the Utility to place a final cover on the present landfill site when it discontinues accepting

12. COMMITMENTS AND CONTINGENCIES (continued)

waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Utility is responsible for operating and other costs including closure and post closure costs while it is in existence. At December 31, 2017, the Utility has accrued \$788,916 for closure and post-closure costs. The municipal solid waste landfill operations were suspended during 2001 with the final closure of this portion of the landfill being completed during 2002. The Kansas Department of Health and Environment (KDHE) has approved the County's new Subtitle D landfill facility with one active cell being opened during 2014.

Regulations require that the Utility demonstrate financial strength of local governments (members) by financial test, or the substitution of a trust fund, letter of credit, surety bond or insurance policy to meet the estimated costs to be incurred for closure and post closure of the landfill. Although the Utility assumed responsibility for the operating and other costs, including closure and post closure costs, McPherson County, as the "owner" of the landfill, must ultimately demonstrate compliance with the financial assurance regulations. The County's distributions to the Utility for 2017 and 2016 (funded through special assessments on real property in the County) were \$1,669,000 and \$1,774,000, respectively, in each year. The County submitted its financial test information to the Kansas Department of Health and Environment in August 2017 and has received correspondence that the County has complied with the financial test requirements for the year ended December 31, 2016. The financial test requirement must be complied with on an annual basis and the County is currently preparing the financial test information for the year ended December 31, 2017. Any possible contributions by Utility Members required to fund post closure requirements is not determinable at this time. Any such contributions required to be made by McPherson County could be funded through special assessments on real property in the County, through the issuance of general obligation bonds, through current resources available to the County, or any combination thereof.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the County Commission approved the purchase of software and hardware to be utilized for functions of all County Departments including tax billing and collections, payroll, budgetary and fund account programs in the amount of \$279,000. In addition, the County Commission approved the purchase of Public Works equipment at a cost of \$528,682 and four Sheriff's Department vehicles and related equipment at a cost of \$90,105. Further, the County Commission approved the reconstruction of two County bridges at a cost of \$682,416.

Management has evaluated subsequent events through August 24, 2018, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

McPHERSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) ÷ c)</u>
1/1/08	\$ -	\$ 1,163,503	\$ 1,163,503	0.0%	\$ 6,755,229	17.2%
1/1/10	-	1,141,748	1,141,748	0.0%	7,148,177	16.0%
1/1/12 *	-	1,141,748	1,141,748	0.0%	7,287,374	15.7%
1/1/14 *	-	1,141,748	1,141,748	0.0%	7,359,382	15.5%
1/1/16	-	826,351	826,351	0.0%	7,938,751	10.4%

* – Actuarial valuation not received for this date and estimated amounts are based on the previous actuarial valuation date.

McPHERSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
KPERS PENSION PLAN

Schedule of County's Proportionate Share of the Net Pension Liability
Last Four Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate percentage of the net pension liability	.429587%	.436539%	.425974%	.426883%
County's proportionate share of the net pension liability	\$ 6,222,377	\$ 6,753,387	\$ 5,593,227	\$ 5,254,132
County's covered employee payroll	\$ 7,942,612	\$ 7,606,634	\$ 6,871,477	\$ 6,649,299
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	78.34%	88.78%	81.40%	79.02%
Plan fiduciary net position as a percentage of the total pension liability	72.16%	68.55%	71.98%	72.56%

Schedule of County's Contributions
Last Four Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 656,885	\$ 687,084	\$ 695,303	\$ 686,902
Contributions in relation to the contractually required contribution	<u>(656,885)</u>	<u>(687,084)</u>	<u>(695,303)</u>	<u>(686,902)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
County's covered employee payroll	\$ 7,764,603	\$ 7,483,354	\$ 7,334,420	\$ 7,770,385
Contributions as a percentage of covered employee payroll	8.46%	9.18%	9.48%	8.84%

* — Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Community Corrections Fund – to account for the resources provided through federal and state assistance programs utilized for the development, implementation, operation and improvement of community correctional services for McPherson and Harvey Counties.

Health Fund – to account for the operations of public health services. Financing is provided by property taxes and through state assistance programs.

Noxious Weeds Fund – to account for the operations of the Noxious Weed Department for the control and eradication of noxious weeds. Financing is provided through property taxes and sales of chemicals to County residents.

Special Alcohol Fund – to account for alcohol abuse services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Special Parks and Recreation Fund – to account for park and recreation services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Court Trustee Fund – to account for the activities related to the District Court appointed trustee for the enforcement of support imposed by any court order, decree or judgment for child support and maintenance.

Technology – Register of Deeds Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the Register of Deeds office.

Cellular 911 Telephone Tax Fund – to account for the fees charged to County telephone subscribers under provisions of the “Kansas 911 Act” and such fees shall be used for implementation of 911 services, purchase of 911 equipment, maintenance and license fees for 911 equipment, training of personnel, monthly reoccurring charges billed by service providers, capital improvements and equipment or other physical enhancements to the 911 system, and the original acquisition and installation of road signs designed to aid in the delivery of emergency service.

Community Developmental Disability Organization (CDDO) Fund – the CDDO functions as the point of entry for services and determines eligibility for individuals needing services. The CDDO ensures that service providers comply with rules and regulations concerning individual rights and responsibilities, health, nutrition, record keeping and person centered support planning. Resources are provided by State grant proceeds and charges for services rendered.

Technology – County Treasurer Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Treasurer's office.

Technology – County Clerk Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Clerk's office.

Oil and Gas Depletion Trust Fund – This fund holds excise tax on the production of oil and gas within the County. For any tax year that the oil and gas leasehold ad valorem valuation of the County is less than 50% of the oil and gas valuation of the County for the second succeeding tax year which commences January 1 following the end of the fiscal year in which the County had \$100,000 or more in receipts of the excise tax production, the Kansas Property Tax Valuation Division shall certify such oil and gas amounts and authorize the County Treasurer to release 20% of the moneys credited to the County's Oil and Gas Depletion Trust Fund to the County General Fund.

Prosecutor's Training and Assistance Fund – to account for the operations of conducting a continuing legal education program exclusively for duties as a prosecuting attorney. Financing is provided through fees levied on cases prosecuted by the District Court.

Law Enforcement Trust Fund – to account for the sale of property seized through law enforcement proceedings by the Sheriff's Department.

Motor Vehicle Department Fund – to account for the operations of the Motor Vehicle License Department. Financing is provided from fees collected on motor vehicle registration renewals and are established by State statute.

NONMAJOR CAPITAL PROJECT FUNDS

Landfill Remediation Reserve Fund – to accumulate resources to be used for remediation costs of the closed portion of the County's landfill.

Capital Improvement Reserve Fund – to accumulate resources to be used for new or replacement facilities and improvements. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Capital Equipment Reserve Fund – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Highway Machinery and Equipment Reserve Fund – to account for acquisitions of highway building machinery and equipment. Financing is provided for by transfers from the Road and Bridge fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes.

Noxious Weed Capital Reserve Fund – to accumulate resources to be used for new or replacement equipment employed in the control and eradication of noxious weeds. Financing is provided through annual transfers that must be budgeted from the Noxious Weeds fund.

War Memorial Fund – to account for the maintenance of a war memorial established in McPherson County. Financing is provided through contributions and interest earnings on idle moneys.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term general obligation debt of governmental funds.

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash including short-term investments	\$ 1,401,832	\$ 8,911	\$ 4,424,401	\$ 5,835,144
Property tax receivable	452,077	—	—	452,077
Other accounts receivable	35,189	—	—	35,189
Due from other governmental units	<u>33,441</u>	<u>—</u>	<u>—</u>	<u>33,441</u>
Total	<u>\$ 1,922,539</u>	<u>\$ 8,911</u>	<u>\$ 4,424,401</u>	<u>\$ 6,355,851</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>				
Liabilities:				
Salaries and wages payable	\$ 48,642	\$ —	\$ —	\$ 48,642
Accounts payable	<u>18,393</u>	<u>—</u>	<u>—</u>	<u>18,393</u>
Total liabilities	<u>67,035</u>	<u>—</u>	<u>—</u>	<u>67,035</u>
Deferred inflows of resources:				
Property taxes receivable	<u>452,077</u>	<u>—</u>	<u>—</u>	<u>452,077</u>
Fund Balances:				
Restricted:				
General government	268,667	—	—	268,667
Public safety	597,088	—	—	597,088
Health and welfare	455,612	—	—	455,612
Environmental protection	48,529	—	—	48,529
Culture and recreation	33,531	—	—	33,531
Debt service	—	8,911	—	8,911
Committed:				
Capital improvements	—	—	1,911,868	1,911,868
Environmental protection	—	—	1,596,608	1,596,608
Highway improvements	<u>—</u>	<u>—</u>	<u>915,925</u>	<u>915,925</u>
Total fund balances	<u>1,403,427</u>	<u>8,911</u>	<u>4,424,401</u>	<u>5,836,739</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,922,539</u>	<u>\$ 8,911</u>	<u>\$ 4,424,401</u>	<u>\$ 6,355,851</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2017

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 650,613	\$ —	\$ 2,184	\$ 652,797
Intergovernmental	1,456,484	865,168	—	2,321,652
Licenses and permits	380,849	—	—	380,849
Charges for services	720,827	—	—	720,827
Use of money and property	101	—	—	101
Other	<u>—</u>	<u>—</u>	<u>10,200</u>	<u>10,200</u>
Total revenues	<u>3,208,874</u>	<u>865,168</u>	<u>12,384</u>	<u>4,086,426</u>
Expenditures:				
Current:				
General government	381,220	—	—	381,220
Public safety	1,612,463	—	—	1,612,463
Environmental protection	236,128	—	—	236,128
Health and welfare	995,537	—	—	995,537
Capital outlay	—	—	302,552	302,552
Debt Service	<u>—</u>	<u>865,168</u>	<u>—</u>	<u>865,168</u>
Total expenditures	<u>3,225,348</u>	<u>865,168</u>	<u>302,552</u>	<u>4,393,068</u>
Expenditures over revenues	<u>(16,474)</u>	<u>—</u>	<u>(290,168)</u>	<u>(306,642)</u>
Other financing sources (uses):				
Transfers in	—	—	1,011,000	1,011,000
Transfers out	<u>(134,969)</u>	<u>—</u>	<u>—</u>	<u>(134,969)</u>
Total other financing sources (uses)	<u>(134,969)</u>	<u>—</u>	<u>1,011,000</u>	<u>876,031</u>
Net change in fund balances	(151,443)	—	720,832	569,389
Fund balances, beginning of year	<u>1,554,870</u>	<u>8,911</u>	<u>3,703,569</u>	<u>5,267,350</u>
Fund balances, end of year	<u>\$ 1,403,427</u>	<u>\$ 8,911</u>	<u>\$ 4,424,401</u>	<u>\$ 5,836,739</u>

McPHERSON COUNTY, KANSAS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2017

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Technology - Register of Deeds	Cellular 911 Telephone Tax	Community Develop- mental Disability Organization	Technology - County Treasurer	Technology - County Clerk	Oil & Gas Depletion Trust	Prosecutor Training And Assistance	Law Enforce- ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
ASSETS																
Cash including short-term investments	\$ 107,365	\$ 256,612	\$ 51,759	\$ 14,819	\$ 33,531	\$ 120,820	\$ 97,793	\$ 382,285	\$ 126,157	\$ 25,447	\$ 5,782	\$ 139,645	\$ 7,581	\$ 23,077	\$ 9,159	\$ 1,401,832
Property tax receivable	-	174,521	161,664	-	-	-	-	-	115,892	-	-	-	-	-	-	452,077
Other accounts receivable	-	35,189	-	-	-	-	-	-	-	-	-	-	-	-	-	35,189
Due from other governmental units	-	33,441	-	-	-	-	-	-	-	-	-	-	-	-	-	33,441
Total	\$ 107,365	\$ 499,763	\$ 213,423	\$ 14,819	\$ 33,531	\$ 120,820	\$ 97,793	\$ 382,285	\$ 242,049	\$ 25,447	\$ 5,782	\$ 139,645	\$ 7,581	\$ 23,077	\$ 9,159	\$ 1,922,539
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES																
Liabilities:																
Accounts payable	\$ 11,402	\$ 1,424	\$ 319	\$ -	\$ -	\$ 3,472	\$ -	\$ -	\$ 190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,586	\$ 18,393
Accrued payroll	21,183	7,740	2,911	-	-	7,983	-	-	1,252	-	-	-	-	-	7,573	48,642
Total liabilities	32,585	9,164	3,230	-	-	11,455	-	-	1,442	-	-	-	-	-	9,159	67,035
Deferred inflows of resources:																
Property taxes receivable	-	174,521	161,664	-	-	-	-	-	115,892	-	-	-	-	-	-	452,077
Fund Balances:																
Restricted:																
General government	-	-	-	-	-	-	97,793	-	-	25,447	5,782	139,645	-	-	-	268,667
Public safety	74,780	-	-	-	-	109,365	-	382,285	-	-	-	-	7,581	23,077	-	597,088
Health and welfare	-	316,078	-	14,819	-	-	-	-	124,715	-	-	-	-	-	-	455,612
Environmental protection	-	-	48,529	-	-	-	-	-	-	-	-	-	-	-	-	48,529
Culture and recreation	-	-	-	-	33,531	-	-	-	-	-	-	-	-	-	-	33,531
Total fund balances	74,780	316,078	48,529	14,819	33,531	109,365	97,793	382,285	124,715	25,447	5,782	139,645	7,581	23,077	-	1,403,427
Total liabilities, deferred inflows and fund balances	\$ 107,365	\$ 499,763	\$ 213,423	\$ 14,819	\$ 33,531	\$ 120,820	\$ 97,793	\$ 382,285	\$ 242,049	\$ 25,447	\$ 5,782	\$ 139,645	\$ 7,581	\$ 23,077	\$ 9,159	\$ 1,922,539

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year ended December 31, 2017

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Technology – Register of Deeds	Cellular 911 Telephone Tax	Community Develop- mental Disability Organization	Technology – County Treasurer	Technology – County Clerk	Oil & Gas Depletion Trust	Prosecutor Training and Assistance	Law Enforce- ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
Revenues:																
Taxes	\$ –	\$ 194,774	\$ 167,482	\$ –	\$ –	\$ –	\$ –	\$ 196,492	\$ 91,865	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 650,613
Intergovernmental	952,210	210,288	–	11,192	6,061	–	–	–	276,733	–	–	–	–	–	–	1,456,484
Licenses and permits	–	–	–	–	–	318,114	41,824	–	–	10,432	10,479	–	–	–	–	380,849
Charges for services	35,912	233,242	79,441	–	–	–	–	–	18,990	–	–	–	2,620	16,899	333,723	720,827
Use of money and property	–	–	101	–	–	–	–	–	–	–	–	–	–	–	–	101
Total revenues	988,122	638,304	247,024	11,192	6,061	318,114	41,824	196,492	387,588	10,432	10,479	–	2,620	16,899	333,723	3,208,874
Expenditures:																
General government	–	–	–	–	–	–	22,997	–	–	2,188	22,312	–	–	–	333,723	381,220
Public Safety	1,011,623	–	–	–	–	339,802	–	251,540	–	–	–	–	2,484	7,014	–	1,612,463
Environmental protection	–	–	236,128	–	–	–	–	–	–	–	–	–	–	–	–	236,128
Health and welfare	–	594,552	–	12,000	–	–	–	–	388,985	–	–	–	–	–	–	995,537
Total expenditures	1,011,623	594,552	236,128	12,000	–	339,802	22,997	251,540	388,985	2,188	22,312	–	2,484	7,014	333,723	3,225,348
Revenues over (under) expenditures	(23,501)	43,752	10,896	(808)	6,061	(21,688)	18,827	(55,048)	(1,397)	8,244	(11,833)	–	136	9,885	–	(16,474)
Other financing uses – transfers out	–	–	(36,000)	–	–	–	(78,000)	–	–	–	–	–	–	–	(20,969)	(134,969)
Net change in fund balances	(23,501)	43,752	(25,104)	(808)	6,061	(21,688)	(59,173)	(55,048)	(1,397)	8,244	(11,833)	–	136	9,885	(20,969)	(151,443)
Fund balances, beginning of year	98,281	272,326	73,633	15,627	27,470	131,053	156,966	437,333	126,112	17,203	17,615	139,645	7,445	13,192	20,969	1,554,870
Fund balances, end of year	\$ 74,780	\$ 316,078	\$ 48,529	\$ 14,819	\$ 33,531	\$ 109,365	\$ 97,793	\$ 382,285	\$ 124,715	\$ 25,447	\$ 5,782	\$ 139,645	\$ 7,581	\$ 23,077	\$ –	\$ 1,403,427

McPHERSON COUNTY, KANSAS

COMMUNITY CORRECTIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental - State	\$ 930,000	\$ 930,000	\$ 952,210	\$ 22,210
Charges for services	<u>57,500</u>	<u>57,500</u>	<u>35,912</u>	<u>(21,588)</u>
Total revenues	<u>987,500</u>	<u>987,500</u>	<u>988,122</u>	<u>622</u>
Expenditures:				
Personal services	830,000	830,000	768,717	61,283
Contractual services	186,000	186,000	226,772	(40,772)
Commodities	10,000	10,000	16,134	(6,134)
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>—</u>	<u>1,000</u>
Total expenditures	<u>1,027,000</u>	<u>1,027,000</u>	<u>1,011,623</u>	<u>15,377</u>
Revenues over (under) expenditures	(39,500)	(39,500)	(23,501)	15,999
Fund balance, beginning of year	<u>39,516</u>	<u>39,516</u>	<u>98,281</u>	<u>58,765</u>
Fund balance, end of year	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 74,780</u>	<u>\$ 74,764</u>

McPHERSON COUNTY, KANSAS

HEALTH FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS

Year ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 193,178	\$ 193,178	\$ 194,774	\$ 1,596
Intergovernmental	166,830	166,830	210,288	43,458
Charges for services	293,700	293,700	233,242	(60,458)
Miscellaneous	<u>500</u>	<u>500</u>	<u>—</u>	<u>(500)</u>
Total revenues	<u>654,208</u>	<u>654,208</u>	<u>638,304</u>	<u>(15,904)</u>
Expenditures:				
Personal services	446,975	446,975	344,458	102,517
Contractual services	229,780	229,780	212,654	17,126
Commodities	24,100	24,100	19,858	4,242
Capital outlay	<u>56,845</u>	<u>56,845</u>	<u>17,582</u>	<u>39,263</u>
Total expenditures	<u>757,700</u>	<u>757,700</u>	<u>594,552</u>	<u>163,148</u>
Revenues over (under) expenditures	(103,492)	(103,492)	43,752	147,244
Fund balance, beginning of year	<u>103,492</u>	<u>103,492</u>	<u>272,326</u>	<u>168,834</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 316,078</u>	<u>\$ 316,078</u>

McPHERSON COUNTY, KANSAS

NOXIOUS WEEDS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 166,122	\$ 166,122	\$ 167,482	\$ 1,360
Sale of chemicals and labor	114,000	114,000	79,441	(34,559)
Use of money and property	<u>1,200</u>	<u>1,200</u>	<u>101</u>	<u>(1,099)</u>
Total revenues	<u>281,322</u>	<u>281,322</u>	<u>247,024</u>	<u>(34,298)</u>
Expenditures and other uses:				
Personal services	106,180	106,180	105,248	932
Contractual services	24,060	24,060	19,519	4,541
Commodities	162,850	162,850	108,534	54,316
Capital outlay	5,000	5,000	2,827	2,173
Transfers out	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>—</u>
Total expenditures and other uses	<u>334,090</u>	<u>334,090</u>	<u>272,128</u>	<u>61,962</u>
Revenues over (under) expenditures and other uses	(52,768)	(52,768)	(25,104)	27,664
Fund balance, beginning of year	<u>52,768</u>	<u>52,768</u>	<u>73,633</u>	<u>20,865</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 48,529</u>	<u>\$ 48,529</u>

McPHERSON COUNTY, KANSAS

SPECIAL ALCOHOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 8,430	\$ 8,430	\$ 11,192	\$ 2,762
Expenditures:				
Contractual services	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>—</u>
Revenues over (under) expenditures	(3,570)	(3,570)	(808)	2,762
Fund balance, beginning of year	<u>12,196</u>	<u>12,196</u>	<u>15,627</u>	<u>3,431</u>
Fund balance, end of year	<u>\$ 8,626</u>	<u>\$ 8,626</u>	<u>\$ 14,819</u>	<u>\$ 6,193</u>

McPHERSON COUNTY, KANSAS

SPECIAL PARKS AND RECREATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 4,430	\$ 4,430	\$ 6,061	\$ 1,631
Expenditures:				
Contractual services	<u>27,292</u>	<u>27,292</u>	<u>—</u>	<u>27,292</u>
Revenues over (under) expenditures	(22,862)	(22,862)	6,061	28,923
Fund balance, beginning of year	<u>22,862</u>	<u>22,862</u>	<u>27,470</u>	<u>4,608</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 33,531</u>	<u>\$ 33,531</u>

McPHERSON COUNTY, KANSAS

COURT TRUSTEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 335,600</u>	<u>\$ 335,600</u>	<u>\$ 318,114</u>	<u>\$ (17,486)</u>
Expenditures:				
Personal services	251,600	312,400	286,394	26,006
Contractual services	27,100	27,100	25,152	1,948
Commodities	3,000	3,000	14,252	(11,252)
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>14,004</u>	<u>(11,504)</u>
Total expenditures	<u>284,200</u>	<u>345,000</u>	<u>339,802</u>	<u>5,198</u>
Revenues over (under) expenditures	51,400	(9,400)	(21,688)	(12,288)
Fund balance, beginning of year	<u>156,116</u>	<u>156,116</u>	<u>131,053</u>	<u>(25,063)</u>
Fund balance, end of year	<u>\$ 207,516</u>	<u>\$ 146,716</u>	<u>\$ 109,365</u>	<u>\$ (37,351)</u>

McPHERSON COUNTY, KANSAS

TELEPHONE TAX E911 FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Telephone tax	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 196,492</u>	<u>\$ 16,492</u>
Expenditures:				
Contractual services	350,000	350,000	204,936	145,064
Commodities	—	—	2,273	(2,273)
Capital outlay	<u>—</u>	<u>—</u>	<u>44,331</u>	<u>(44,331)</u>
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>251,540</u>	<u>98,460</u>
Revenues over (under) expenditures	(170,000)	(170,000)	(55,048)	114,952
Fund balance, beginning of year	<u>237,921</u>	<u>237,921</u>	<u>437,333</u>	<u>199,412</u>
Fund balance, end of year	<u>\$ 67,921</u>	<u>\$ 67,921</u>	<u>\$ 382,285</u>	<u>\$ 314,364</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY – REGISTER OF DEEDS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 48,500</u>	<u>\$ 48,500</u>	<u>\$ 41,824</u>	<u>\$ (6,676)</u>
Expenditures:				
Personal services	7,000	7,000	—	7,000
Contractual services	26,500	26,500	21,423	5,077
Commodities	2,500	2,500	1,574	926
Capital outlay	5,000	5,000	—	5,000
Transfers out	<u>—</u>	<u>—</u>	<u>78,000</u>	<u>(78,000)</u>
Total expenditures	<u>41,000</u>	<u>41,000</u>	<u>100,997</u>	<u>(59,997) •</u>
Revenues over expenditures	7,500	7,500	(59,173)	(66,673)
Fund balance, beginning of year	<u>153,817</u>	<u>153,817</u>	<u>156,966</u>	<u>3,149</u>
Fund balance, end of year	<u>\$161,317</u>	<u>\$ 161,317</u>	<u>\$ 97,793</u>	<u>\$ (63,524)</u>

• – Per K.S.A. 28-115a this fund is not subject to the budget laws of the State of Kansas.

McPHERSON COUNTY, KANSAS

COMMUNITY DEVELOPMENTAL DISABILITY ORGANIZATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 90,114	\$ 90,114	\$ 91,865	\$ 1,751
Intergovernmental	277,000	277,000	276,733	(267)
Charges for services	<u>19,300</u>	<u>19,300</u>	<u>18,990</u>	<u>(310)</u>
Total revenues	<u>386,414</u>	<u>386,414</u>	<u>387,588</u>	<u>1,174</u>
Expenditures:				
Personal services	143,000	143,000	109,396	33,604
Contractual services	48,575	48,575	33,239	15,336
Commodities	23,000	23,000	3,507	19,493
Capital outlay	23,200	23,200	4,811	18,389
Agency appropriations	<u>238,500</u>	<u>238,500</u>	<u>238,032</u>	<u>468</u>
Total expenditures	<u>476,275</u>	<u>476,275</u>	<u>388,985</u>	<u>87,290</u>
Revenues over (under) expenditures	(89,861)	(89,861)	(1,397)	88,464
Fund balance, beginning of year	<u>89,861</u>	<u>89,861</u>	<u>126,112</u>	<u>36,251</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 124,715</u>	<u>\$ 124,715</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY TREASURER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 10,432</u>	<u>\$ 1,432</u>
Expenditures:				
Contractual services	<u>2,000</u>	<u>2,000</u>	<u>200</u>	<u>1,800</u>
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>1,988</u>	<u>1,012</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,188</u>	<u>2,812</u>
Revenues over expenditures	<u>4,000</u>	<u>4,000</u>	<u>8,244</u>	<u>4,244</u>
Fund balance, beginning of year	<u>11,836</u>	<u>11,836</u>	<u>17,203</u>	<u>5,367</u>
Fund balance, end of year	<u>\$ 15,836</u>	<u>\$ 15,836</u>	<u>\$ 25,447</u>	<u>\$ 9,611</u>

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY CLERK FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Licenses and fees	<u>\$ 9,000</u>	<u>\$ 13,050</u>	<u>\$ 10,479</u>	<u>\$ (2,571)</u>
Expenditures:				
Contractual services	<u>2,000</u>	<u>2,000</u>	<u>—</u>	<u>2,000</u>
Capital outlay	<u>3,000</u>	<u>22,000</u>	<u>22,312</u>	<u>(312)</u>
Total expenditures	<u>5,000</u>	<u>24,000</u>	<u>22,312</u>	<u>1,688</u>
Revenues over (under) expenditures	<u>4,000</u>	<u>(10,950)</u>	<u>(11,833)</u>	<u>(883)</u>
Fund balance, beginning of year	<u>10,950</u>	<u>10,950</u>	<u>17,615</u>	<u>6,665</u>
Fund balance, end of year	<u>\$ 14,950</u>	<u>\$ —</u>	<u>\$ 5,782</u>	<u>\$ 5,782</u>

McPHERSON COUNTY, KANSAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS

Year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 881,875</u>	<u>\$ 881,875</u>	<u>\$ 865,168</u>	<u>\$ (16,707)</u>
Expenditures:				
Bond principal	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>	<u>—</u>
Bond interest and commission	<u>140,169</u>	<u>140,169</u>	<u>140,168</u>	<u>1</u>
Total expenditures	<u>865,169</u>	<u>865,169</u>	<u>865,168</u>	<u>1</u>
Revenues over (under) expenditures	<u>16,706</u>	<u>16,706</u>	<u>—</u>	<u>(16,706)</u>
Fund balance, beginning of year	<u>7,826</u>	<u>7,826</u>	<u>8,911</u>	<u>1,085</u>
Fund balance, end of year	<u>\$ 24,532</u>	<u>\$ 24,532</u>	<u>\$ 8,911</u>	<u>\$ (15,621)</u>

McPHERSON COUNTY, KANSAS
COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2017

	<u>Landfill Remediation Reserve</u>	<u>Capital Improvement Reserve</u>	<u>Capital Equipment Reserve</u>	<u>Highway Machinery & Equip- ment Reserve</u>	<u>Noxious Weed Reserve</u>	<u>War Memorial</u>	<u>Totals</u>
<u>ASSETS</u>							
Cash and short-term investments	<u>\$ 1,270,423</u>	<u>\$1,139,827</u>	<u>\$ 768,705</u>	<u>\$ 915,925</u>	<u>\$ 326,185</u>	<u>\$ 3,336</u>	<u>\$ 4,424,401</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Fund balances:							
Committed:							
Capital improvements	<u>—</u>	<u>1,139,827</u>	<u>768,705</u>	<u>—</u>	<u>—</u>	<u>3,336</u>	<u>1,911,868</u>
Environmental protection	<u>1,270,423</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>326,185</u>	<u>—</u>	<u>1,596,608</u>
Highway improvements	<u>—</u>	<u>—</u>	<u>—</u>	<u>915,925</u>	<u>—</u>	<u>—</u>	<u>915,925</u>
Total fund balance	<u>1,270,423</u>	<u>1,139,827</u>	<u>768,705</u>	<u>915,925</u>	<u>326,185</u>	<u>3,336</u>	<u>4,424,401</u>
Total liabilities and fund balances	<u>\$ 1,270,423</u>	<u>\$1,139,827</u>	<u>\$ 768,705</u>	<u>\$ 915,925</u>	<u>\$ 326,185</u>	<u>\$ 3,336</u>	<u>\$ 4,424,401</u>

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

Year ended December 31, 2017

	Landfill Remediation Reserve	Capital Improve- Reserve	Capital Equipment Reserve	Highway Machinery & Equip- ment Reserve	Noxious Weed Reserve	War Memorial	Totals
Revenues:							
Taxes	\$ 2,184	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,184
Miscellaneous	<u>—</u>	<u>—</u>	<u>10,200</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,200</u>
Total revenues	2,184	—	10,200	—	—	—	12,384
Expenditures:							
Capital outlay	<u>—</u>	<u>—</u>	<u>302,552</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>302,552</u>
Revenues over (under) expenditures	2,184	—	(292,352)	—	—	—	(290,168)
Other financing sources (uses):							
Transfers in	<u>—</u>	<u>675,000</u>	<u>—</u>	<u>300,000</u>	<u>36,000</u>	<u>—</u>	<u>1,011,000</u>
Net change in fund balance	2,184	675,000	(292,352)	300,000	36,000	—	720,832
Fund balances, beginning of year	<u>1,268,239</u>	<u>464,827</u>	<u>1,061,057</u>	<u>615,925</u>	<u>290,185</u>	<u>3,336</u>	<u>3,703,569</u>
Fund balances, end of year	<u>\$ 1,270,423</u>	<u>\$1,139,827</u>	<u>\$ 768,705</u>	<u>\$ 915,925</u>	<u>\$ 326,185</u>	<u>\$ 3,336</u>	<u>\$ 4,424,401</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Tax Collection Funds – to account for the various taxes levied by taxing districts throughout the County. The County Treasurer serves as the tax collection agent for all such taxing districts.

Tax Distribution Funds – to account for the individual fund levies of all taxing districts throughout the County.

Motor Vehicle Fees and Sales Tax Collection Funds – to account for the state required fees received on motor vehicle registration renewals to be remitted to the State of Kansas.

Fish and Game Licenses and Park Permits Funds – to account for the state required fees received on the sale of state fish and game licenses and state park permits to be remitted to the State of Kansas.

Stray Animals Fund – to account for the proceeds from the sales of stray animals not claimed by their rightful owners. Excess proceeds are due to the State of Kansas.

Fee Offices Funds – to account for the operations of the County Clerk, Register of Deeds, Sheriff and District Court offices of the County. Fees are due to various funds and agencies as provided by State statutes.

McPherson County Jail Inmates Fund – to account for moneys held on behalf of prisoners held in the County jail.

McPherson County Cafeteria Plan Fund – to account for moneys held on behalf of County employees for payment of designated benefit items.

McPherson County Sheriff's Benefit Reserve Fund – to account for moneys paid to off-duty sheriff reserve officers for services performed outside of normal working hours and assignments.

Sales Tax Holding Fund – to account for sales taxes collected on solid waste facility operations.

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued on next page)**

Year ended December 31, 2017

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 30,481,060	\$ 105,239,229	\$ 103,136,424	\$ 32,583,865
Property tax levied	21,871,924	54,194,611	53,504,567	22,561,968
Due from other funds	2	-	2	-
Due from others	152	-	152	-
Due from State of Kansas	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
Total assets	<u>\$ 52,353,140</u>	<u>\$ 159,433,840</u>	<u>\$ 156,641,147</u>	<u>\$ 55,145,833</u>
<u>LIABILITIES</u>				
Accrued liabilities	\$ 9,460	\$ 117,463	\$ 102,792	\$ 24,131
Due to:				
Other funds	73	517,812	517,885	-
Other governmental units	81,379	3,978,566	3,937,354	122,591
Others	8,943	77,920	79,313	7,550
Taxing districts:				
Apportioned taxes	10,233	39,735,411	39,733,311	12,333
Unapportioned taxes	52,201,317	62,084,794	59,351,499	54,934,612
Law library	-	17,430	17,430	-
Alcohol safety program	-	8,963	8,963	-
Cash balance deposits	41,733	247,067	244,184	44,616
Due to other funds	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
Total liabilities	<u>\$ 52,353,140</u>	<u>\$ 106,785,426</u>	<u>\$ 103,992,733</u>	<u>\$ 55,145,833</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2017

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
<u>TAX COLLECTION</u>				
<u>ACCOUNTS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 30,329,393	\$ 60,538,440	\$ 58,495,189	\$ 32,372,644
Property tax levied:				
2017 Current tax	—	54,107,287	31,545,319	22,561,968
2016 Current tax	<u>21,871,924</u>	<u>87,324</u>	<u>21,959,248</u>	<u>—</u>
	<u>21,871,924</u>	<u>54,194,611</u>	<u>53,504,567</u>	<u>22,561,968</u>
Total assets	<u>\$ 52,201,317</u>	<u>\$114,733,051</u>	<u>\$111,999,756</u>	<u>\$ 54,934,612</u>
<u>LIABILITIES</u>				
Unapportioned taxes:				
2017 Current tax	\$ —	\$ 54,102,069	\$ —	\$ 54,102,069
2016 Current tax	51,352,505	87,435	51,439,940	—
Motor Vehicle	696,630	3,666,517	3,751,221	611,926
Delinquent taxes	130,878	150,816	78,625	203,069
Tax foreclosures	829	—	—	829
Mineral tax	—	5,290	5,290	—
Gasoline tax	—	1,046,128	1,046,128	—
Motor vehicle excise tax	4,886	10,920	11,604	4,202
Liquor tax	—	23,715	23,715	—
Recreational vehicle tax	12,200	75,379	76,438	11,141
Commercial truck tax	3,313	256,536	258,573	1,276
Cereal malt beverage tax	76	125	101	100
Cereal malt beverage tax	<u>—</u>	<u>2,659,864</u>	<u>2,659,864</u>	<u>—</u>
Total liabilities	<u>\$ 52,201,317</u>	<u>\$ 62,084,794</u>	<u>\$ 59,351,499</u>	<u>\$ 54,934,612</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2017

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
TAX DISTRIBUTION				
<u>ACCOUNTS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ <u>10,233</u>	\$ <u>39,735,411</u>	\$ <u>39,733,311</u>	\$ <u>12,333</u>
<u>LIABILITIES</u>				
Apportioned taxes due to:				
Watersheds	\$ —	\$ 61,288	\$ 61,288	\$ —
Drainage districts	—	27,262	27,262	—
School districts	766	23,339,385	23,340,311	(160)
Townships	—	3,606,060	3,606,060	—
Cities	—	10,320,960	10,320,960	—
Fire districts	3,209	1,248,451	1,250,501	1,159
Regional library	—	308,497	308,497	—
Cemetery districts	—	46,776	46,776	—
Water assessment district	—	62,993	62,993	—
Library Districts	—	16,626	16,626	—
Improvement District	—	1,109	1,109	—
Historical tax	6,258	20,912	15,836	11,334
State of Kansas	<u>—</u>	<u>675,092</u>	<u>675,092</u>	<u>—</u>
Total liabilities	\$ <u>10,233</u>	\$ <u>39,735,411</u>	\$ <u>39,733,311</u>	\$ <u>12,333</u>

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)

Year ended December 31, 2017

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
MOTOR VEHICLE FEES AND SALES TAX COLLECTION ACCOUNT				
<u>ASSETS</u>				
Cash including short-term Investments	\$ 77,632	\$ 3,560,028	\$ 3,515,511	\$ 122,149
<u>LIABILITIES</u>				
Due to State of Kansas	\$ 77,632	\$ 3,560,028	\$ 3,515,511	\$ 122,149
FISH AND GAME LICENSES AND PARK PERMITS				
<u>ASSETS</u>				
Cash including short-term investments	\$ -	\$ 8,989	\$ 8,975	\$ 14
Due from State of Kansas	2	-	2	-
Total assets	\$ 2	\$ 8,989	\$ 8,977	\$ 14
<u>LIABILITIES</u>				
Due to State of Kansas	\$ -	\$ 8,989	\$ 8,975	\$ 14
Due to other funds	2	-	2	-
Total liabilities	\$ 2	\$ 8,989	\$ 8,977	\$ 14
<u>STRAY ANIMALS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 3,459	\$ -	\$ 3,459	\$ -
<u>LIABILITIES</u>				
Due to state of Kansas	\$ 3,459	\$ -	\$ 3,459	\$ -

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2017

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
<u>FEE OFFICERS</u>				
<u>ASSETS</u>				
Cash including short-term investments	\$ 41,652	\$ 1,199,210	\$ 1,196,150	\$ 44,712
Due from others	152	—	152	—
Due from other funds	<u>2</u>	<u>—</u>	<u>2</u>	<u>—</u>
Total assets	<u>\$ 41,806</u>	<u>\$ 1,199,210</u>	<u>\$ 1,196,304</u>	<u>\$ 44,712</u>
<u>LIABILITIES</u>				
Due to County general fund	\$ —	\$ 420,220	\$ 420,220	\$ —
Due to technology fund	—	62,736	62,736	—
Due to other trust and agency funds	73	34,856	34,929	—
Balance in cases	41,733	247,067	244,184	44,616
Law Library	—	17,430	17,430	—
Due to State:				
Park and vessel permits	—	5,159	5,159	—
Marriage licenses	—	9,735	9,735	—
Fines	—	149,638	149,638	—
Docket fees	—	170,763	170,763	—
Alcohol safety action program	—	8,963	8,963	—
Other	<u>—</u>	<u>72,486</u>	<u>72,390</u>	<u>96</u>
Total liabilities	<u>\$ 41,806</u>	<u>\$ 1,199,053</u>	<u>\$ 1,196,147</u>	<u>\$ 44,712</u>

**McPHERSON COUNTY
JAIL INMATES**

<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 8,943</u>	<u>\$77,920</u>	<u>\$79,313</u>	<u>\$ 7,550</u>
<u>LIABILITIES</u>				
Due to inmates	<u>\$ 8,943</u>	<u>\$77,920</u>	<u>\$79,313</u>	<u>\$ 7,550</u>

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2017</u>
McPHERSON COUNTY CAFETERIA PLAN				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 8,114</u>	<u>\$82,229</u>	<u>\$81,602</u>	<u>\$ 8,741</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 8,114</u>	<u>\$82,229</u>	<u>\$81,602</u>	<u>\$ 8,741</u>
McPHERSON COUNTY SHERIFF'S BENEFIT RESERVE				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 1,346</u>	<u>\$35,234</u>	<u>\$21,190</u>	<u>\$15,390</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 1,346</u>	<u>\$35,234</u>	<u>\$21,190</u>	<u>\$15,390</u>
<u>SALES TAX HOLDING</u>				
<u>ASSETS</u>				
Cash including short-term investments	<u>\$ 288</u>	<u>\$ 1,768</u>	<u>\$ 1,724</u>	<u>\$ 332</u>
<u>LIABILITIES</u>				
Due to State of Kansas	<u>\$ 288</u>	<u>\$ 1,768</u>	<u>\$ 1,724</u>	<u>\$ 332</u>

STATISTICAL SECTION

STATISTICAL SECTION
McPherson County, Kansas

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Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.*

McPherson County, Kansas
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary Government Activities										
Invested in Capital Assets, net	\$40,400,626	\$41,923,327	\$42,828,921	\$44,087,782	\$44,033,625	\$42,966,441	\$42,070,257	\$44,525,252	\$44,802,101	\$44,257,429
Restricted	3,000	3,337	3,349	4,552,843	3,550,318	3,407,955	4,163,271	4,364,295	4,385,946	4,560,384
Unrestricted	12,984,756	12,403,126	12,070,735	6,514,794	8,208,465	8,653,646	9,136,020	3,627,942	3,252,737	4,853,071
Total Governmental Activities Net Position	<u>\$53,388,382</u>	<u>\$54,329,790</u>	<u>\$54,903,005</u>	<u>\$55,155,419</u>	<u>\$55,792,408</u>	<u>\$55,028,042</u>	<u>\$55,369,548</u>	<u>\$52,517,489</u>	<u>\$52,440,784</u>	<u>\$53,670,884</u>

Note: Fiscal year 2007 includes retroactive reporting of infrastructure capital assets.
Fiscal year 2008 includes retroactive reporting of intangible assets.
Fiscal year 2011 Reclassified all reserve funds and War Memorial Funds from a special revenue fund type
to a capital project fund type. GASB Statement 54 clarification of fund types.
Prior to 2011 Restricted dollars were for Debt service.

McPherson, Kansas
Changes In Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General Government	\$ 2,912,209	\$ 2,883,958	\$ 2,928,897	\$ 3,023,322	\$ 3,017,555	\$ 3,022,230	\$ 3,502,080	\$ 3,261,483	\$ 3,788,421	\$ 3,446,044
Public Safety	6,331,029	6,497,691	6,299,174	6,529,759	6,766,523	6,784,374	6,753,361	6,946,830	7,359,826	7,532,787
Highways and Streets	4,977,766	5,286,744	5,427,995	4,957,049	5,645,382	5,458,840	5,532,487	9,128,730	7,644,792	7,633,864
Health & Sanitation	1,783,243	2,009,766	2,013,704	2,033,606	2,214,782	2,174,855	2,252,535	2,342,449	2,361,412	2,159,417
Culture and Recreation	277,090	290,913	293,186	312,143	310,084	305,964	301,547	371,210	412,729	383,016
Environmental Protection	1,836,684	1,852,279	1,766,467	1,788,517	1,748,425	4,741,753	3,912,184	1,880,591	2,073,550	1,982,041
Interest on Long-Term Debt	120,680	114,060	106,655	98,641	89,989	74,895	180,182	156,988	159,324	121,188
Total Governmental Activities Expenses	18,238,701	18,935,411	18,836,068	18,743,037	19,792,740	22,562,911	22,434,377	24,088,281	23,800,054	23,459,357
Component Unit										
McPherson County Extension Council	331,807	363,548	348,550	387,432	366,868	334,563	363,122	374,831	320,564	329,605
Total Primary Government Expenses	18,570,508	19,298,959	19,184,618	19,130,469	20,159,608	22,897,474	22,797,499	24,463,112	24,120,618	23,787,962
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	1,070,756	1,066,140	1,108,499	969,158	1,140,627	1,145,820	1,230,797	1,300,309	1,056,573	1,020,422
Public Safety	868,581	903,783	743,173	710,015	778,785	750,478	492,423	519,762	560,787	570,941
Highway & Streets	2,714	1,058	65,287	21,160	82,364	255,244	312,879	245,241	275,845	182,860
Health and Sanitation	248,082	237,555	240,534	236,872	255,826	261,019	292,931	278,699	340,896	267,611
Culture and Recreation	29,197	29,401	41,716	23,503	25,029	50,907	31,804	53,237	38,380	38,394
Environmental Protection	1,748,404	1,739,714	1,718,788	1,721,400	1,724,498	1,759,830	1,761,935	1,790,589	1,763,983	1,738,341
Operating Grants and Contributions	3,520,995	3,305,319	3,428,723	3,136,489	3,508,321	3,553,595	4,200,736	4,297,306	4,136,499	4,338,671
Capital Grants and Contributions	-	-	159,222	182,205	165,290	201,516	80,432	4,101,818	252,949	329,112
Total Governmental Activities Program Revenues	7,488,731	7,282,970	7,504,942	7,000,802	7,680,740	7,978,409	8,403,937	12,586,961	8,425,912	8,474,352
Component Unit										
McPherson County Extension Council	99,758	110,197	109,793	120,606	130,878	91,690	85,518	94,671	85,224	73,167
Total Primary Government Program Revenues	7,588,489	7,393,167	7,614,735	7,121,408	7,811,618	8,070,099	8,489,455	12,681,632	8,511,136	8,547,519
Net (Expense) Revenue										
Governmental Activities	(10,749,970)	(11,652,441)	(11,331,126)	(11,742,236)	(12,112,000)	(14,584,502)	(14,030,440)	(11,501,320)	(15,374,142)	(14,984,005)
Component Unit	(232,049)	(253,351)	(238,757)	(266,826)	(235,990)	(242,873)	(277,604)	(280,160)	(235,340)	(256,438)
Total Primary Government Net Expenses	(10,982,019)	(11,905,792)	(11,569,883)	(12,009,061)	(12,347,990)	(14,827,375)	(14,308,044)	(11,781,480)	(15,609,482)	(15,240,443)
General Revenues and Other Changes In Net Position										
Governmental Activities										
Taxes										
Property Taxes										
General Purposes	10,093,641	10,172,792	9,941,667	10,013,444	10,753,738	11,694,280	12,059,605	12,152,274	13,076,484	13,670,573
Debt Service	522	337	-	-	-	-	-	-	-	-
Sales Taxes	1,877,493	1,786,187	1,869,704	1,927,655	1,955,840	2,085,856	2,275,647	2,462,491	2,170,669	2,384,063
Grants and entitlements not restricted to specific programs	25,059	26,115	25,052	23,310	23,324	26,935	21,810	27,352	25,701	26,360
Investment Earnings	472,588	138,234	67,918	30,240	16,087	13,065	14,884	16,779	24,583	133,109
Total Governmental Activities	12,469,303	12,123,665	11,904,341	11,994,649	12,748,989	13,820,136	14,371,946	14,658,896	15,297,437	16,214,105
Component Unit										
Payment from McPherson County	238,837	256,635	256,635	261,732	269,500	269,500	269,500	274,932	298,137	289,921
Investment Earnings	1,415	1,112	1,076	771	405	185	50	-	-	-
Total Component Unit	240,252	257,747	257,711	262,503	269,905	269,685	269,550	274,932	298,137	289,921
Total Primary Government	\$12,709,555	\$12,381,412	\$12,162,052	\$12,257,152	\$13,018,894	\$14,089,821	\$14,641,496	\$14,933,828	\$15,595,574	\$16,504,026
Change In Net Position										
Governmental Activities	\$ 1,719,333	\$ 471,224	\$ 573,215	\$ 252,414	\$ 636,989	\$ (764,366)	\$ 341,506	\$ 3,157,576	\$ (76,705)	\$ 1,230,100
Component Unit	8,203	4,396	18,954	(4,323)	33,915	26,812	(8,054)	(5,228)	62,797	33,483
Total Primary Government	\$ 1,727,536	\$ 475,620	\$ 592,169	\$ 248,091	\$ 670,904	\$ (737,554)	\$ 333,452	\$ 3,152,348	\$ (13,908)	\$ 1,263,583

McPherson, Kansas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 28,000	\$ 26,000	\$ 26,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,158,776	2,209,350	2,169,077	-	-	-	-	-	-	-
Committed				1,049,749	1,049,749	1,049,749	1,049,749	1,049,749	1,049,749	1,049,749
Assigned				62,919	532,416	301,756	976,329	710,229	1,194,366	236,844
Unassigned				970,696	563,702	891,907	758,950	1,468,743	663,452	1,699,534
Total General Fund	<u>3,186,776</u>	<u>2,235,350</u>	<u>2,195,138</u>	<u>2,083,364</u>	<u>2,145,867</u>	<u>2,243,412</u>	<u>2,785,028</u>	<u>3,228,721</u>	<u>2,907,567</u>	<u>2,986,127</u>
All Other Governmental Funds										
Reserved	877,795	512,510	185,675	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	7,569,581	8,466,259	8,603,516	-	-	-	-	-	-	-
Debt Service Fund	3,000	3,337	3,349	-	-	-	-	-	-	-
Nonspendable	-	-	-	118,528	94,668	110,843	234,353	366,107	297,982	335,951
Restricted	-	-	-	1,754,411	1,810,955	5,006,111	2,898,381	2,464,351	2,408,919	2,556,698
Committed	-	-	-	5,197,822	5,659,017	6,437,185	5,514,710	4,783,536	5,801,474	6,926,473
Assigned	-	-	-	684,015	712,475	471,586	1,255,434	1,262,992	418,072	996,658
Unassigned	-	-	-	(20,303)	-	-	-	-	-	-
Total all other Governmental Funds	<u>8,450,376</u>	<u>8,982,106</u>	<u>8,792,540</u>	<u>7,734,473</u>	<u>8,277,115</u>	<u>12,025,725</u>	<u>9,902,878</u>	<u>8,876,986</u>	<u>8,926,447</u>	<u>10,815,780</u>
Total All Fund Balances	<u>\$ 11,637,152</u>	<u>\$ 11,217,456</u>	<u>\$ 10,987,678</u>	<u>\$ 9,817,837</u>	<u>\$ 10,422,982</u>	<u>\$ 14,269,137</u>	<u>\$ 12,687,906</u>	<u>\$ 12,105,707</u>	<u>\$ 11,834,014</u>	<u>\$ 13,801,907</u>

NOTE: Fiscal year 2011, reclassified all reserve funds and War Memorial Funds from a special revenue fund type to a capital project fund type. GASB Statement 54 clarification of fund types.

McPherson, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 12,151,563	\$ 12,133,233	\$ 11,819,702	\$ 11,951,468	\$ 12,906,059	\$ 13,978,503	\$ 14,531,252	\$ 14,812,380	\$ 15,458,964	\$ 16,253,312
Special Assessment Taxes	1,635,478	1,617,191	1,614,056	1,628,256	1,615,531	1,657,245	1,652,119	1,670,821	1,672,009	1,668,026
Intergovernmental	3,296,191	3,125,507	3,430,403	3,136,414	3,286,009	3,404,202	4,039,221	8,187,844	4,162,714	4,368,555
Licenses and Permits	1,452,204	1,463,838	1,450,726	1,068,081	1,262,800	1,214,777	907,032	1,176,622	980,627	1,000,071
Charges for Services	493,479	536,705	491,764	708,498	778,725	768,168	875,332	1,082,852	899,135	826,084
Use of Money & Property	658,165	328,701	247,752	214,668	201,320	246,370	206,842	117,690	84,432	197,186
Other Revenues	285,744	191,285	347,865	282,171	364,745	522,205	549,340	186,213	464,373	386,533
Total Revenues	19,972,824	19,396,460	19,402,268	18,989,556	20,415,189	21,791,470	22,761,138	27,234,422	23,722,254	24,699,767
Expenditures										
General Government	2,774,559	2,722,394	3,015,631	2,876,005	2,853,082	2,899,849	3,394,125	3,256,308	3,510,334	3,293,419
Public Safety	6,285,986	6,369,313	6,216,670	6,716,847	6,675,643	6,676,210	6,827,026	7,089,651	7,124,706	7,358,525
Highways and Streets	5,799,625	6,386,727	5,988,628	5,899,685	5,381,384	6,022,383	6,493,343	10,771,060	7,646,430	6,413,954
Culture and Recreation	274,763	281,130	288,897	300,677	285,804	286,618	291,198	367,961	372,393	357,441
Environmental Protection	1,553,103	1,848,781	1,773,754	1,806,791	1,747,057	1,774,495	1,913,496	1,897,735	2,077,997	1,979,140
Education	-	-	-	-	-	-	-	-	-	-
Health and Welfare	1,757,114	1,985,776	1,983,570	2,014,087	2,194,037	2,268,235	2,251,435	2,387,156	2,323,265	2,161,675
Capital Outlay	-	-	-	178,186	304,267	2,962,687	2,296,811	1,162,075	165,469	302,552
Debt Service										
Principal	250,000	255,000	255,000	265,000	275,000	280,000	725,000	700,000	700,000	725,000
Interest	123,284	117,035	109,896	102,119	93,770	84,726	149,935	184,675	119,788	140,168
Bond Issuance Costs	-	-	-	-	-	11,968	-	-	-	-
Total Expenditures	18,818,434	19,966,156	19,632,046	20,159,397	19,810,044	23,267,171	24,342,369	27,816,621	24,040,382	22,731,874
Revenues over (under) Expenditures	1,154,390	(569,696)	(229,778)	(1,169,841)	605,145	(1,475,701)	(1,581,231)	(582,199)	(318,128)	1,967,893
Other Financing Sources (Uses)										
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Issuance of general obligation refunding bonds	-	-	-	-	-	7,050,000	-	-	2,900,000	-
Premium on general obligation refunding bonds	-	-	-	-	-	210,543	-	-	240,108	-
Payment to refunding bond escrow agent	-	-	-	-	-	(1,938,687)	-	-	(3,093,673)	-
Transfers In	1,723,752	286,475	134,664	121,210	582,000	631,377	37,509	116,090	1,562,700	1,409,969
Transfers Out	(1,723,752)	(136,475)	(134,664)	(121,210)	(582,000)	(631,377)	(37,509)	(116,090)	(1,562,700)	(1,409,969)
Total Other Financing Sources (Uses)	-	150,000	-	-	-	5,321,856	-	-	46,435	-
Net Change in Fund Balance	\$ 1,154,390	\$ (419,696)	\$ (229,778)	\$ (1,169,841)	\$ 605,145	\$ 3,846,155	\$ (1,581,231)	\$ (582,199)	\$ (271,693)	\$ 1,967,893
Debt Service as a Percentage of Noncapital Expenditures	2.37%	2.28%	2.40%	2.31%	2.22%	1.99%	4.51%	4.19%	4.14%	4.34%

McPherson County, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		<u>Total Direct Tax Rate</u>	<u>Assessed Value as a % of Estimated Actual Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
2008	\$ 269,762,008	\$1,675,449,160	\$ 47,324,874	\$ 243,942,650	\$ 317,086,882	\$1,919,391,810	28.016	16.52%
2009	269,477,040	1,695,156,777	39,701,441	212,307,171	309,178,481	1,907,463,948	27.997	16.21%
2010	275,128,666	1,714,983,370	39,514,855	135,216,286	314,643,521	1,850,199,656	28.001	17.01%
2011	285,726,041	1,746,344,236	37,388,354	129,028,571	323,114,395	1,875,372,807	30.036	17.23%
2012	300,628,100	1,805,717,359	37,125,322	160,659,503	337,753,422	1,966,376,862	31.255	17.18%
2013	319,680,591	2,004,605,923	34,170,718	133,906,878	353,851,309	2,138,512,801	30.190	16.55%
2014	331,212,265	2,035,182,115	29,772,147	113,355,159	360,984,412	2,148,537,274	30.197	16.80%
2015	372,950,125	2,164,376,502	24,671,633	95,798,887	397,621,758	2,260,175,389	30.286	17.59%
2016	391,362,616	2,269,657,091	22,672,142	89,816,992	414,034,758	2,359,474,083	30.158	17.55%
2017	412,706,171	2,386,933,716	23,512,634	92,599,425	436,218,805	2,479,533,141	29.797	17.59%

Source: McPherson County Appraiser
McPherson County Clerk

McPherson County, Kansas
Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1000 of Assessed Value)

<u>County Direct Rates</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General	6.74	9.17	10.27	10.16	9.88	10.59	9.97	11.17	10.35	12.98
Public Works	15.35	10.48	11.36	13.23	13.62	12.87	12.42	12.06	12.53	12.18
Health	0.51	0.53	0.52	0.51	0.54	0.52	0.51	0.46	0.43	0.40
Noxious Weeds	0.55	0.40	0.33	0.38	0.47	0.34	0.39	0.36	0.37	0.38
Employee Benefits	4.86	7.42	5.52	5.76	6.41	5.57	6.61	5.97	6.28	3.59
Developmental Disabilities	-	-	-	-	0.34	0.30	0.30	0.27	0.20	0.27
Total Direct Rates	28.01	28.00	28.00	30.04	31.26	30.19	30.20	30.29	30.16	29.80
City Rates										
Canton	51.02	51.12	50.36	50.26	49.85	48.23	50.44	50.39	51.63	53.48
Galva	43.76	43.77	47.72	47.74	47.69	47.69	47.71	47.84	50.85	50.68
Inman	67.00	66.74	66.80	66.54	66.56	66.56	65.10	67.05	69.03	89.00
Lindsborg	37.54	37.52	34.52	34.52	37.48	39.73	69.57	43.62	44.82	46.67
Marquette	59.30	60.15	60.31	59.03	59.16	59.16	59.70	61.46	62.97	59.44
McPherson	51.34	51.34	51.28	51.13	51.13	51.02	51.33	51.57	51.62	51.67
Moundridge	58.76	25.50	23.02	26.00	26.54	30.11	31.00	31.71	33.97	34.80
Windom	33.24	33.38	37.93	38.80	37.02	57.09	56.84	60.12	61.84	61.84
Townships	3.8 - 22.5	3.7 - 22.5	3.8 - 22.4	3.8 - 22.9	3.8 - 24.8	6.8 - 24.8	7.1 - 26.1	3.6 - 24.7	3.6 - 24.3	3.7 - 25.0
School Districts	37.0 - 57.5	38.4 - 57.7	39.7 - 57.7	40.9 - 61.2	40.0 - 64.8	40.0 - 64.8	45.5 - 62.4	46.7 - 63.4	44.9 - 70.3	43.7 - 70.7
Fire Districts	2.0 - 11.4	2.0 - 10.5	2.5 - 10.5	2.4 - 10.6	2.7 - 10.6	3.6 - 10.7	3.3 - 10.9	3.8 - 10.9	3.8 - 11.8	3.8 - 10.2
Cemeteries	1.1 - 2.3	1.1 - 2.3	1.1 - 2.2	1.0 - 1.6	1.0 - 2.3	1.0 - 2.2	0.6 - 2.1	.6 - 2.0	.6 - 2.0	.8 - 1.2
Libraries	1.0 - 2.7	1.1 - 2.9	1.1 - 2.8	1.1 - 2.9	1.1 - 2.8	1.1 - 2.8	1.1 - 2.7	1.1 - 2.4	1.2 - 2.3	1.3 - 2.3
Watershed	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	4	4

Source: McPherson County Clerk

County of McPherson, Kansas
Principal Property Tax Payers
Current Year and Nine Years Ago

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2017				2008			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total County Taxable Assessed Value</u>
CHS (formally NCRA)	\$ 42,095,647	1	9.65%	NCRA	\$ 30,113,546	1	9.50%
MID AMERICA PIPELINE	19,296,333	2	4.42%	MID AMERICA PIPELINE	8,163,311	2	2.57%
TALLGRASS PONY EXP PPLN	14,544,694	3	3.33%	KANSAS GAS SERVICE - ONEOK	7,251,461	3	2.29%
HOSPIRA INC	7,873,432	4	1.80%	ALLTEL/LIBERTY CELLULAR	6,817,686	4	2.15%
WESTAR ENERGY (ELECTRIC)	7,324,369	5	1.68%	JOHNS MANVILLE CORP.	6,014,696	5	1.90%
UNION PACIFIC RAILROAD	5,636,482	6	1.29%	CERTAINTED	4,994,653	6	1.58%
NUSTAR PIPELINE	4,978,560	7	1.14%	KANEB	3,265,997	7	1.03%
JOHNS MANVILLE CORP.	4,194,126	8	0.96%	UNION PACIFIC RAILROAD	3,164,275	8	1.00%
MID CONTINENT FRACTIONATION	2,957,810	9	0.68%	WESTAR ENERGY	3,045,316	9	0.96%
KANSAS GAS SERVICE - ONEOK	2,874,540	10	0.66%	MID CONTINENT FRACTIONATION	2,799,572	10	0.88%
	<u>\$ 111,775,993</u>		<u>25.62%</u>		<u>\$ 75,630,513</u>		<u>23.85%</u>
County Assessed Valuation	\$ 436,218,805			County Assessed Valuation	\$ 317,086,882		

Source: McPherson County Treasurer

McPherson, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	\$ 9,324,170	\$ 8,849,477	94.91%	\$ 105,399	\$ 8,954,876	96.04%
2009	8,913,001	8,736,417	98.02%	174,268	8,910,685	99.97%
2010	8,692,138	8,540,412	98.25%	144,673	8,685,085	99.92%
2011	8,944,108	8,830,724	98.73%	106,830	8,937,554	99.93%
2012	9,872,818	9,677,908	98.03%	177,643	9,855,551	99.83%
2013	10,666,960	10,546,185	98.87%	87,129	10,633,314	99.68%
2014	10,989,032	10,803,984	98.32%	109,268	10,913,252	99.31%
2015	11,035,164	10,909,912	98.86%	97,235	11,007,147	99.75%
2016	12,169,198	11,933,456	98.06%	77,500	12,010,956	98.70%
2017	12,609,883	12,456,416	98.78%	33,677	12,490,093	99.05%

Source: County Treasurer Tax Abstract
Note: 2016 Tax Levies fund the 2017 Fiscal Year

McPherson County, Kansas
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Premium on General Obligation Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	<u>Percent of Actual Taxable Value of Property</u>
2008	\$ 3,250,000	-	\$ 3,250,000	0.27%	\$ 112	0.17%
2009	2,995,000	-	2,995,000	0.27%	103.76	0.16%
2010	2,740,000	-	2,740,000	0.24%	94.34	0.15%
2011	2,475,000	-	2,475,000	0.20%	84.64	0.13%
2012	2,200,000	-	2,200,000	0.17%	75.27	0.11%
2013	7,050,000	183,214	7,233,214	0.52%	246.40	0.33%
2014	6,325,000	158,644	6,483,644	0.47%	221.73	0.29%
2015	5,625,000	136,790	5,761,790	0.40%	199.09	0.25%
2016	5,090,000	337,493	5,427,493	0.36%	188.43	0.22%
2017	4,365,000	300,869	4,665,869	NA	162.53	0.18%

Per Capita Personal Income from
Fiscal Conditions & Trends K-State Research
Dr. John Leatherman

McPherson County, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Premuim on General Obligation Bonds</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Percent of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008	\$3,250,000	\$ -	\$ 3,000	\$ 3,247,000	0.17%	111.80
2009	2,995,000	-	3,337	2,991,663	0.16%	103.64
2010	2,740,000	-	3,349	2,736,651	0.15%	94.22
2011	2,475,000	-	3,366	2,471,634	0.13%	84.53
2012	2,200,000	-	3,368	2,196,632	0.11%	75.16
2013	7,050,000	183,214	7,718	7,225,496	0.34%	246.13
2014	6,325,000	158,644	7,718	6,475,926	0.30%	221.47
2015	5,625,000	136,790	7,726	5,754,064	0.25%	198.82
2016	5,090,000	337,493	8,911	5,418,582	0.22%	188.12
2017	4,365,000	300,869	8,911	4,656,958	0.18%	162.22

Source: County's Financials

McPherson County, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Tangible Taxable Property	\$	436,218,805	
Tangible Valuation of Motor Vehicles		<u>36,625,262</u>	
Total Tangible Valuation for the Computation of Bonded Indebtedness Limitations		<u>\$ 472,844,067</u>	
(1) Debt Limit (3% of Assessed Tangible Taxable Property)	\$	14,185,322	
General Obligation Bonded Indebtedness	\$	4,365,000	
Less: General Obligation Bonded Indebtedness Exempt from Legal Debt Margin (2)		<u>4,365,000</u>	<u>-</u>
Legal Debt Margin	\$	<u>14,185,322</u>	

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 10,553,550	\$ 10,313,055	\$ 10,455,762	\$ 10,705,572	\$ 11,373,451	\$ 11,669,674	\$ 11,819,529	\$ 12,995,325	\$ 13,490,707	\$ 14,185,322
Total Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 10,553,550	\$ 10,313,055	\$ 10,455,762	\$ 10,705,572	\$ 11,373,451	\$ 11,669,674	\$ 11,819,529	\$ 12,995,325	\$ 13,490,707	\$ 14,185,322
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: (1) Debt Limitations: Per K.S.A. 10-306 the authorized and outstanding bonded indebtedness of any county shall not exceed 3% of the assessed value of all tangible taxable property within such county.

(2) K.S.A. 19-2659 exempts bonds issued for solid waste improvements and equipment from the calculation of the County's legal debt margin.

McPherson County
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate	
				McPherson County (1)	State of Kansas
2008	29,044	\$ 1,189,468	\$ 40,954	3.4%	4.4%
2009	28,866	1,090,673	37,784	4.9%	6.7%
2010	29,044	1,125,455	38,750	5.2%	7.0%
2011	29,241	1,263,240	43,201	4.6%	5.8%
2012	29,227	1,308,201	44,760	4.0%	5.7%
2013	29,356	1,347,117	45,889	3.3%	5.4%
2014	29,241	1,342,893	45,925	3.2%	4.5%
2015	28,941	1,418,543	49,015	2.7%	3.7%
2016	28,804	1,398,809	48,563	3.2%	4.2%
2017	28,708	NA	NA	2.9%	3.7%

Note: (1) In 2004 Kansas began using the U.S. Department of Labor method to calculate unemployment. The new method will result in higher unemployment estimates, but more accurate information.

Source: Kansas Division of Budget
2010 U.S. Census Bureau of Labor Statistics

McPherson County, Kansas
Major Industrial Employers
Current Year and Nine Years Ago

	2017			2008		
	Employer	Employees	Rank Percentage of Total County Employment	Employer	Employees	Rank Percentage of Total County Employment
	Pfizer	1,500	1 9.16%	Hospira (now Pfizer)	865	1 5.33%
	CHS	520	2 3.18%	NCRA (now CHS)	590	2 3.63%
	Viega, LLC	300	3 1.83%	Nations Pizza Products	300	3 1.85%
	Bradbury Co., Moundridge	300	4 1.83%	Viega	280	4 1.72%
	Moridge Co., Moundridge	285	5 1.74%	Moridge Co. - Moundridge	279	5 1.72%
	Johns Manville	275	6 1.68%	Bradbury - Moundridge	267	6 1.64%
116	Central Plastics	195	7 1.19%	Johns Manville	255	7 1.57%
	Piping Technology	170	8 1.04%	Certainteed Corp	170	8 1.05%
	Ferguson Production	150	9 0.92%	Ferguson Production	150	9 0.92%
	Tortilla King	100	10 0.61%	Tortilla King	110	10 0.68%
	Totals	<u>3,795</u>	<u>23.18%</u>		<u>3,266</u>	<u>20.11%</u>
	Total County Employment	16,369			16,244	

Above information provided by:
 McPherson Industrial Development Company -- McPherson County Industry Directory 2017

McPherson County, Kansas
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
General Government										
Commission	3	3	3	3	3	3	3	3	3	3
Admin/Financial	4	4	4	4	4	4	4	4	4	4
Co. Clerk	4	4	4	4	4	4	4	4	4	4
Co. Treasurer	4	4	4	4	4	4	4	4	3	3
Register of Deeds	4	4	4	4	4	4	4	4	4	4
Appraiser	9	9	9	9	9	9	9	9	9	9
Maintenance	2	2	2	2	2	2	2	2	1	1
Planning & Zoning	1	1	1	1	1	1	1	2	2	2
Information Technology (IT)		1	1	1	2	2	2	2	2	2
Motor Vehicle Licensing	5	5	5	6	6	7	7	7	7	7
Total General Government	36	37	37	38	39	40	40	41	39	39
Public Safety										
Emergency Mgmt/E911	13	13	13	13	14	15	16	19	19	19
Sheriff	18	18	18	18	19	19	19	22	22	22
Jail	16	16	16	16	16	16	16	16	16	16
County Attorney	7	7	7	7	8	8	8	8	8	8
Community Corrections	16	15	15	15	14	14	11	9	9	9
Court Trustee	8	8	8	8	8	6	5	4	4	4
Total Public Safety	78	77	77	77	79	78	75	78	78	78
Public Works	40	40	39	39	39	39	39	39	39	39
Old Mill Museum & Park	4	4	4	4	4	4	4	4	4	4
Noxious Weeds	3	3	3	3	3	3	3	3	3	3
Infant Toddler Program	4	4	4	4	4	4	5	5	5	5
Health Dept	10	10	10	10	10	10	9	9	9	9
Total	175	175	174	175	178	178	175	179	177	177

Source: County Personnel Records

McPherson County, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Sheriff										
Law Enforcement Center	1	1	1	1	1	1	1	1	1	1
Sheriff's Vehicles	17	17	17	17	17	17	17	20	20	21
Jail										
40 Bed Facility	1	1	1	1	1	1	1	1	1	1
Old Mill Park & Museum										
Acreage	19	19	19	19	19	19	19	19	19	19
Roads										
Hard Surface	307	307	307	307	311	315	318	320	320	322
Gravel	61	61	61	61	61	61	57	57	57	47
Bridges - opening greater than 25 square feet	1,203	1,204	1,205	1,204	1,204	1,204	1,206	1,206	1,206	1,206
Health										
Health Department Facility	1	1	1	1	1	1	1	1	1	1
Environmental										
Noxious Weed Facility	1	1	1	1	1	1	1	1	1	1
Educational										
McKids Facility	1	1	1	1	1	1	1	1	1	1
General Government										
Courthouse	1	1	1	1	1	1	1	1	1	1
Office Building (Bank Bldg.)	1	1	1	1	1	1	1	1	1	1

Source: Department Reports and County Inventory

MCPHERSON COUNTY, KANSAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Number of new registered voters (1)	1,713	703	880	759	1,458	630	651	703	873	771
Number of real estate parcels (2)	17,303	17,325	17,321	17,328	17,344	17,473	17,486	17,306	17,615	17,694
Number of taxable real estate parcels (2)	16,617	16,623	16,626	16,590	16,788	16,847	16,854	16,674	16,774	16,989
Documents filed with register of deeds (3)	6,271	7,376	5,999	5,997	7,080	6,371	5,353	5,536	5,441	5,320
Public Safety (4)										
Average monthly 911 calls for service (4a)	3,492	3,853	7,716	8,304	7,825	7,245	7,513	12,017	11,902	12,927
Average daily population in custody of Sheriff	37.7	25.0	29.8	33	31	25	32	32	31	33
Average daily new incarcerations	4.5	4.5	4	4	5	7	2	6	6	7
Public Works (5)										
Lane miles of road improved (5a)	66	47	48	75	119	109	161	176	190	150
Number of bridges/pipes reconstructed	8	14	9	12	14	15	8	10	12	12
Health and Welfare (6)										
Number of immunizations provided	6,282	7,825	5,678	6,265	6,682	8,536	6,344	4,734	5,274	5,704
Number of immunization clients	3,657	3,125	2,529	1,955	2,236	2,353	3,186	2,149	1,922	1,990
Total number of clients all programs	3,785	4,038	3,368	3,220	3,371	3,001	3,064	2,551	2,261	2,366
Culture and Recreation (7)										
Annual attendance at Museum	6,398	7,600	6,550	6,606	5,966	6,145	6,164	6,116	5,682	5,972

Source of Information:

1. County Clerk Election Files
2. County Appraiser
3. Register of Deeds
4. Emergency Management and County Sheriff
- 4a. In 2010 began recording all calls for service, both E911 and Communications Administrative
5. Public Works Annual Report
- 5a. Beginning in 2015 reported as lane miles
6. County Health Department
7. Old Mill Museum and Park Annual Report
- * - Information not available from department

MCPHERSON COUNTY, KANSAS
SUMMARY OF INSURANCE IN FORCE
December 31, 2017

Company Policy No. - Term	Coverage	Limit of Liability
Employers Mutual Casualty 0E6-18 1-1-17 to 1-1-18	Auto: Single Limit Liability Uninsured & Underinsured Motorist Auto Medical	\$ 500,000 500,000 5,000
Employers Mutual Casualty 0A6-18 1-1-17 to 1-1-18	Commercial Property Blanket Building & Personal Business Income	25,223,831 1,000,000
Employers Mutual Casualty 0C6-18 1-1-17 to 1-1-18	Commercial Inland Marine Contractors Equipment - per schedule Tools owned by named employee Data Processing - Equipment Data Proc. - Data, Media & Extra Expense Valuable Papers & Records (5 Locations)	2,205,585 36,200 373,400 175,000 810,000
Employers Mutual Casualty 0S6-18 1-1-17 to 1-1-18	Public Employees Faithful Employee Theft - per loss Forgery or Alteration	10,000 10,000
Employers Mutual Casualty 0K6-18 1-1-17 to 1-1-18	Professional Endorsement Liability Each Loss Annual Aggregate	1,000,000 2,000,000
Employers Mutual Casualty 0L6-18 1-1-17 to 1-1-18	Employee Benefits Each Occurrence Aggregate Limit	500,000 1,000,000
KWORC 150107547 1-1-17 to 1-1-18	Workers Comp. & Employer Liability By Accident: each accident By Disease: each employee	500,000 500,000
Employers Mutual Casualty 0D6-18 1-1-17 to 1-1-18	Commercial Gen. Liability. Coverage General Aggregate Aggregate Limit Personal & Advertising Injury Each Occurrence Fire Damage - Any one fire Medical Expense - Any one person	1,000,000 10,000,000 500,000 500,000 100,000 5,000
Employers Mutual Casualty 0G6-18 1-1-17 to 1-1-18	Law Enforcement Liability Each Occurrence Aggregate Limit	1,000,000 2,000,000
01-01-17 to 1-1-18 Employees Mutual Casualty 09-04-90 (Continuous) Alliance Insurance	Surety Bonds Elected Public Officials Bond Financial Manager	30,000 100,000